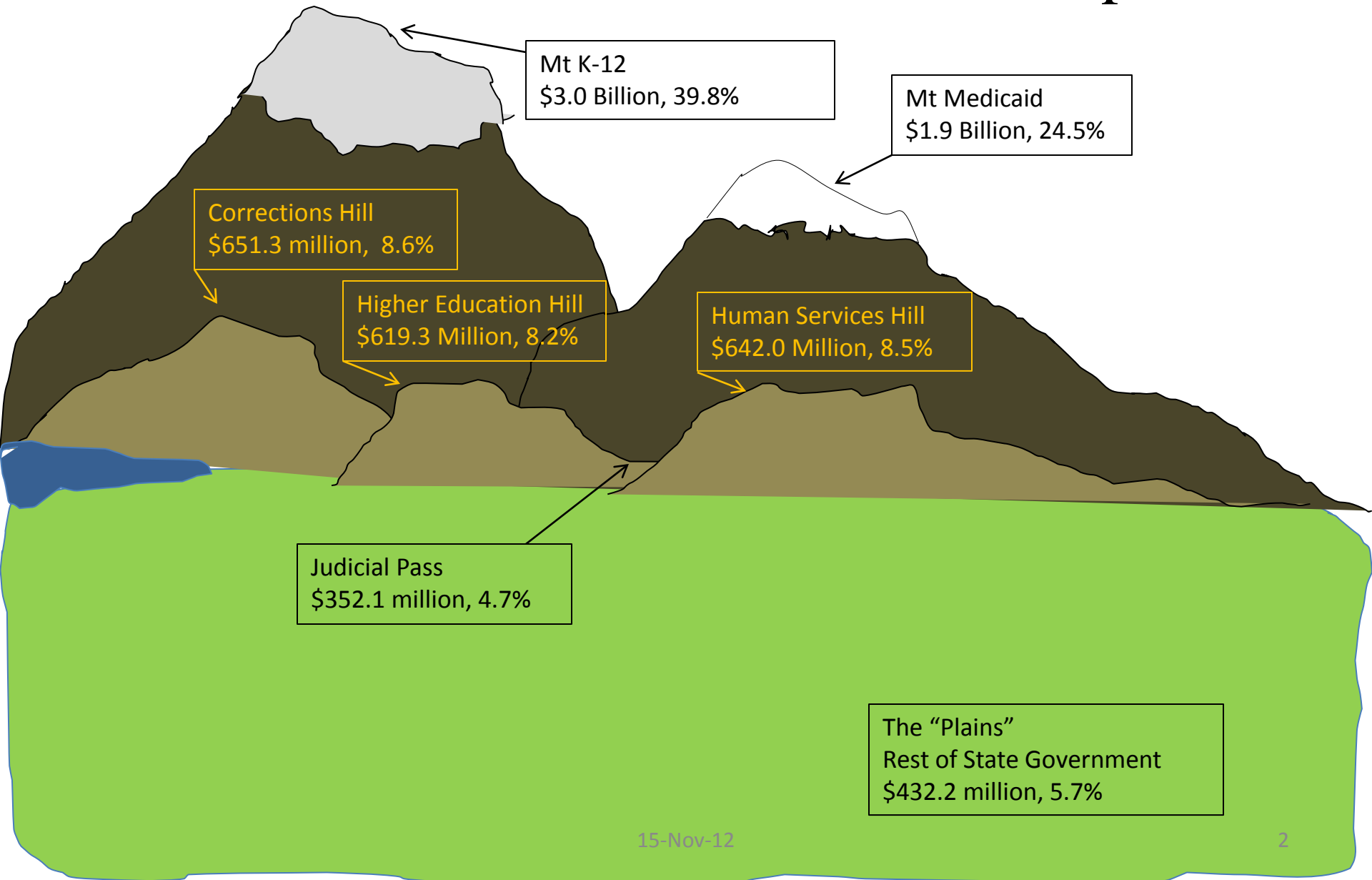


JBC Staff Overview of the FY 2013-14 Budget Request to the Joint Budget Committee

Presented by

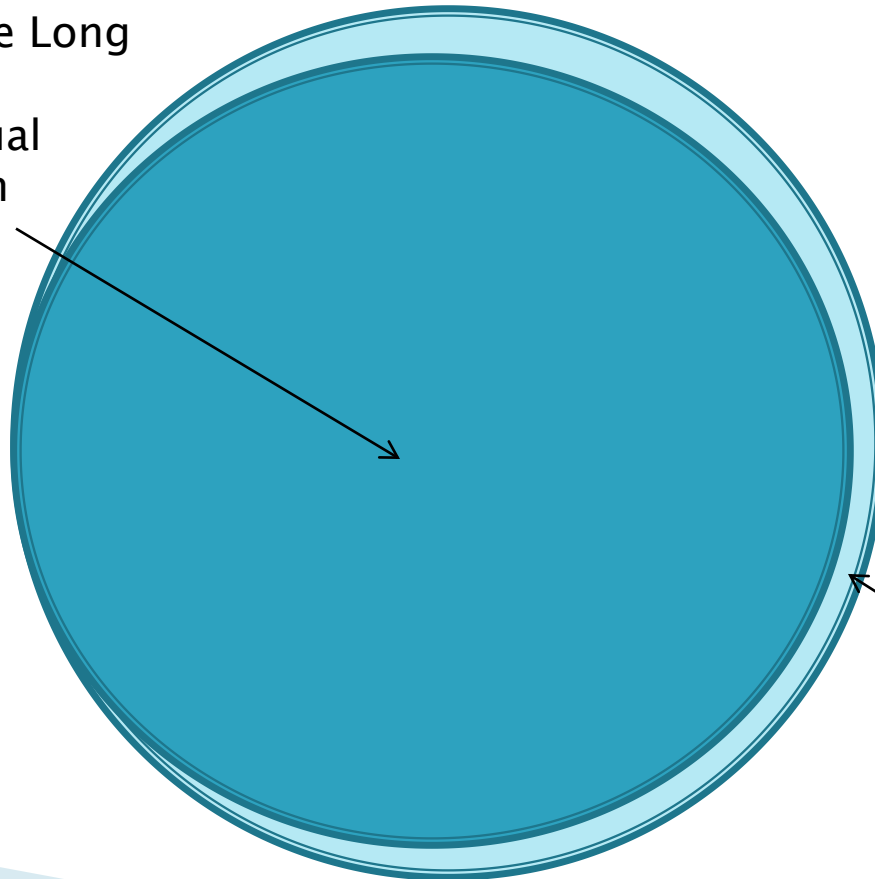
**John Ziegler, JBC Staff
November 15, 2012**

FY 2012-13 General Fund Landscape



Comparison of FY 2012–13 General Fund Appropriated to the General Fund Appropriated in HB 12–1335

General Fund appropriations in HB 12–1335 (the Long Bill) for FY 2012–13 equal \$7,493.4 million

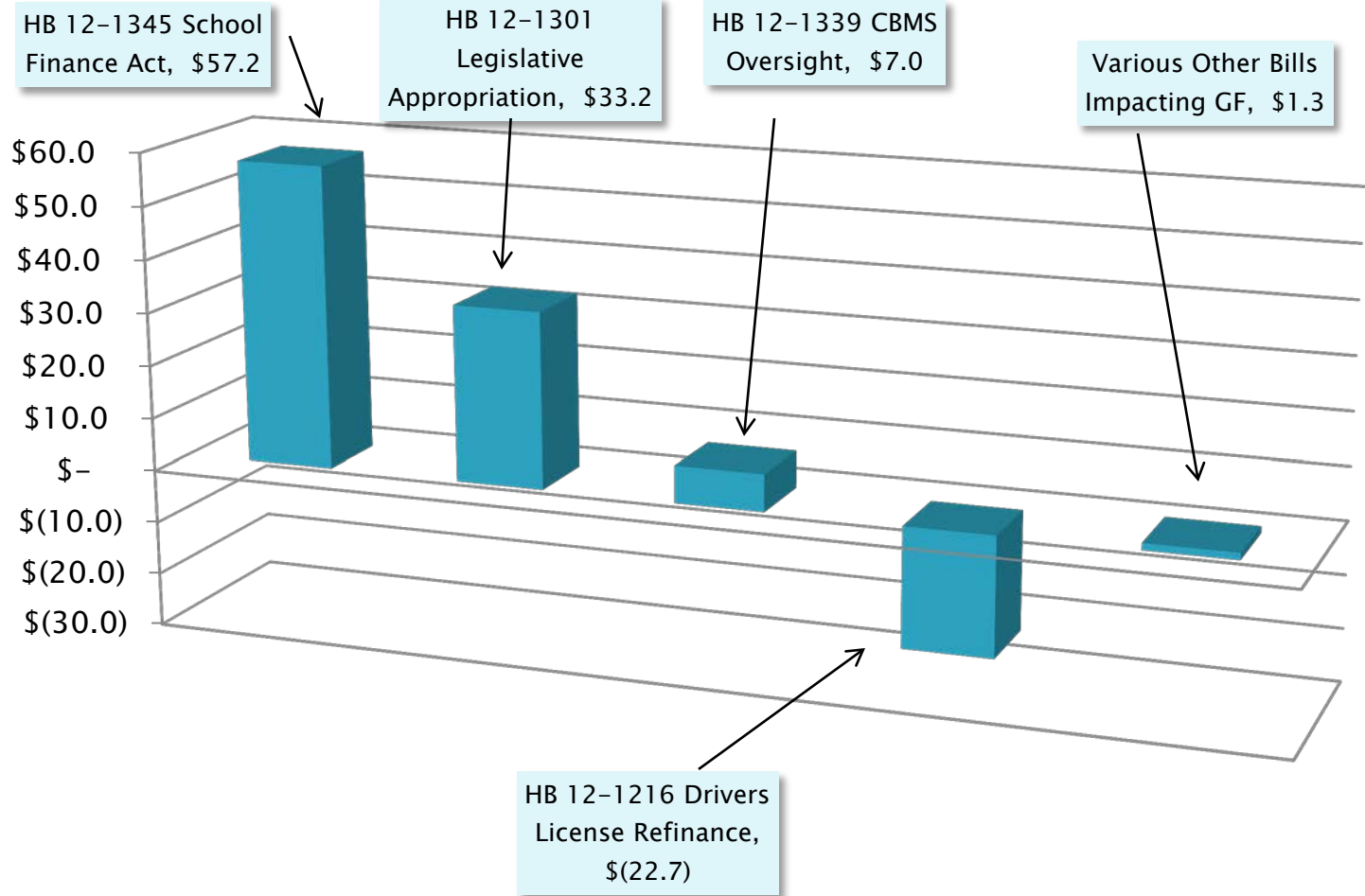


In addition to the General Fund amount appropriated in the Long Bill, \$76.0 million was appropriated in other bills in FY 2012–13

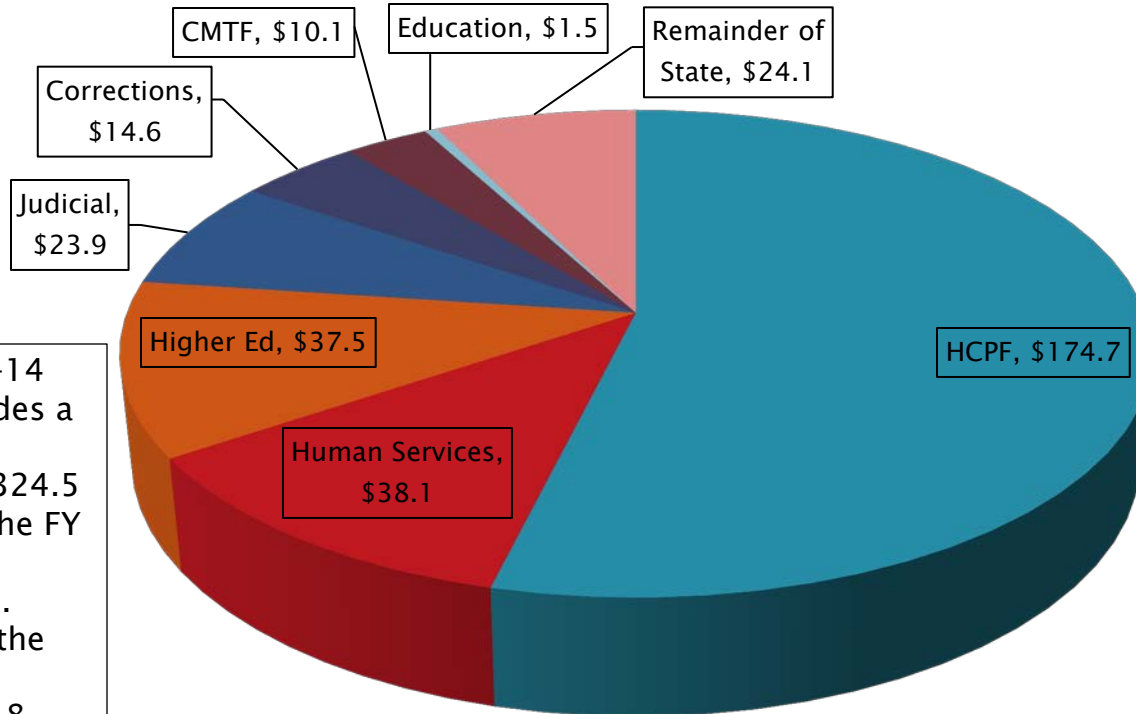
The FY 2012–13 Total General Fund appropriations equal \$7,569.5 million

FY 2012-13 General Fund Appropriations in Addition to the Amount in the Long Bill (\$ in Millions)

The General Assembly passed several bills (equal to a net increase of \$76.0 million GF) in addition the GF amount appropriated in the Long Bill

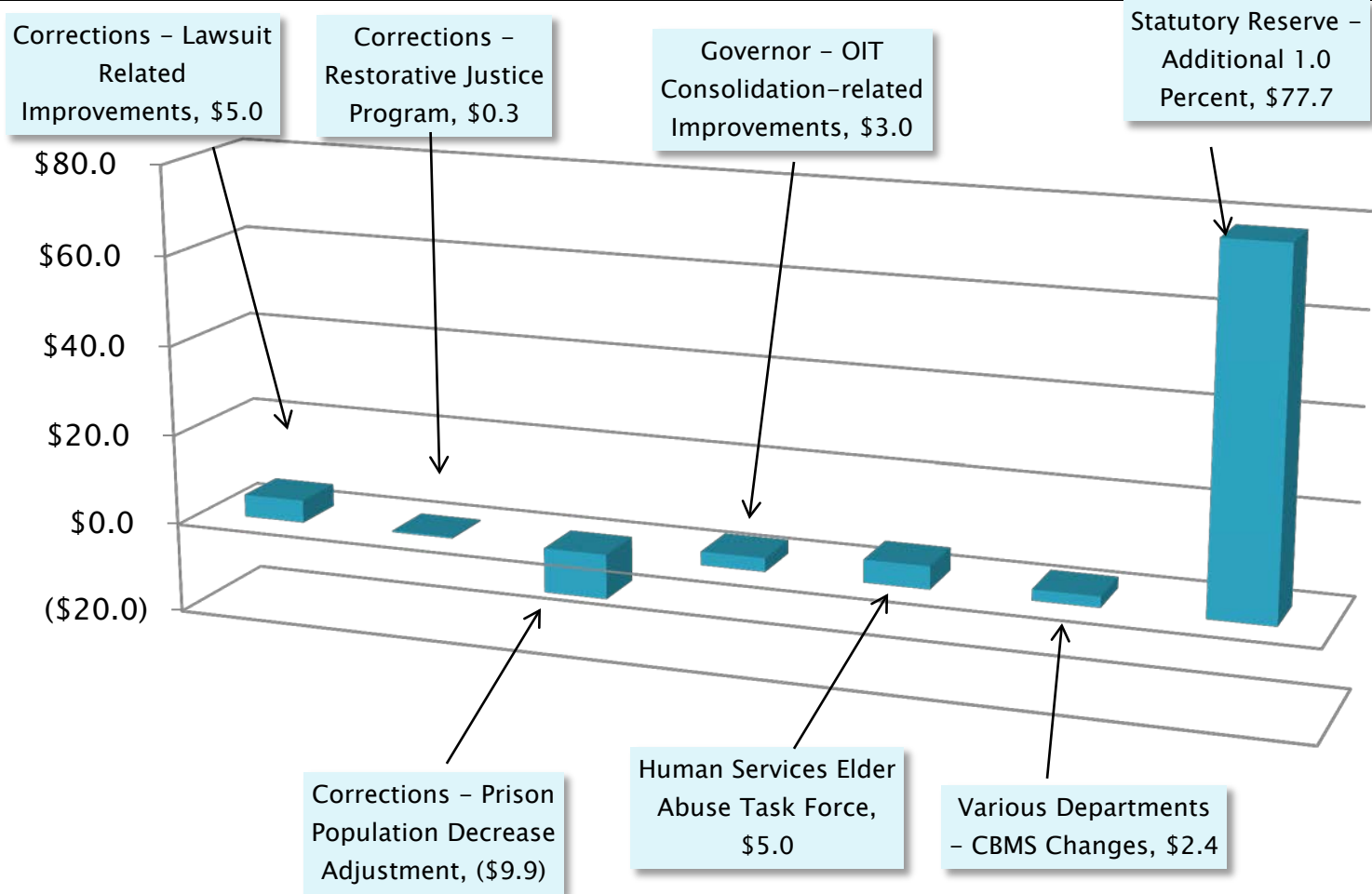


FY 2013–14 Requested General Fund Increases by Department (\$s in Millions)



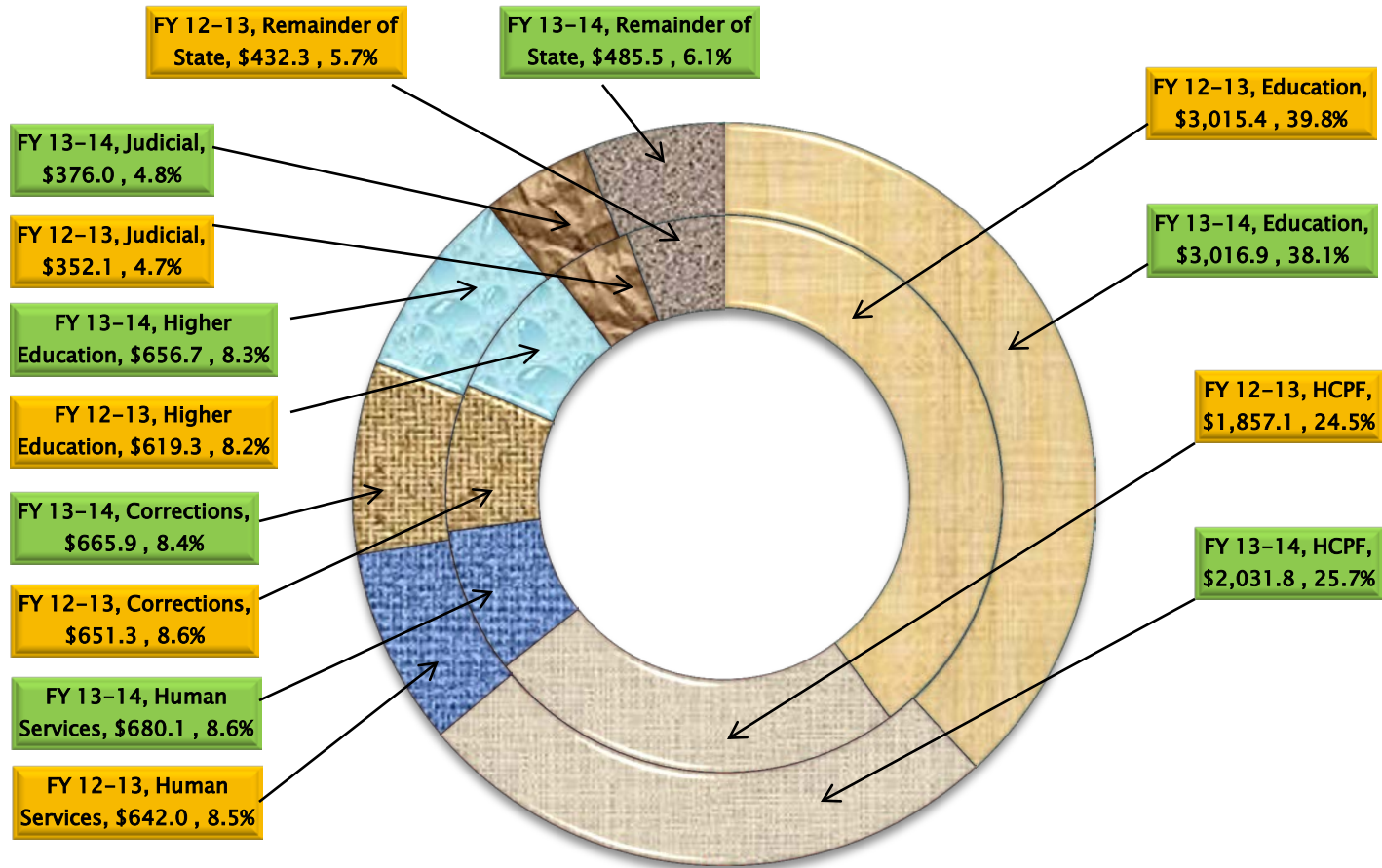
The FY 2013–14 request includes a General Fund Increase of \$324.5 million over the FY 2012–13 appropriation. Additionally, the Governor has requested \$5.8 million in placeholders for future requests.

Other Placeholder Requests that Impact the General Fund in FY 2013-14 as Reflected on the General Fund Overview (\$ in Millions)

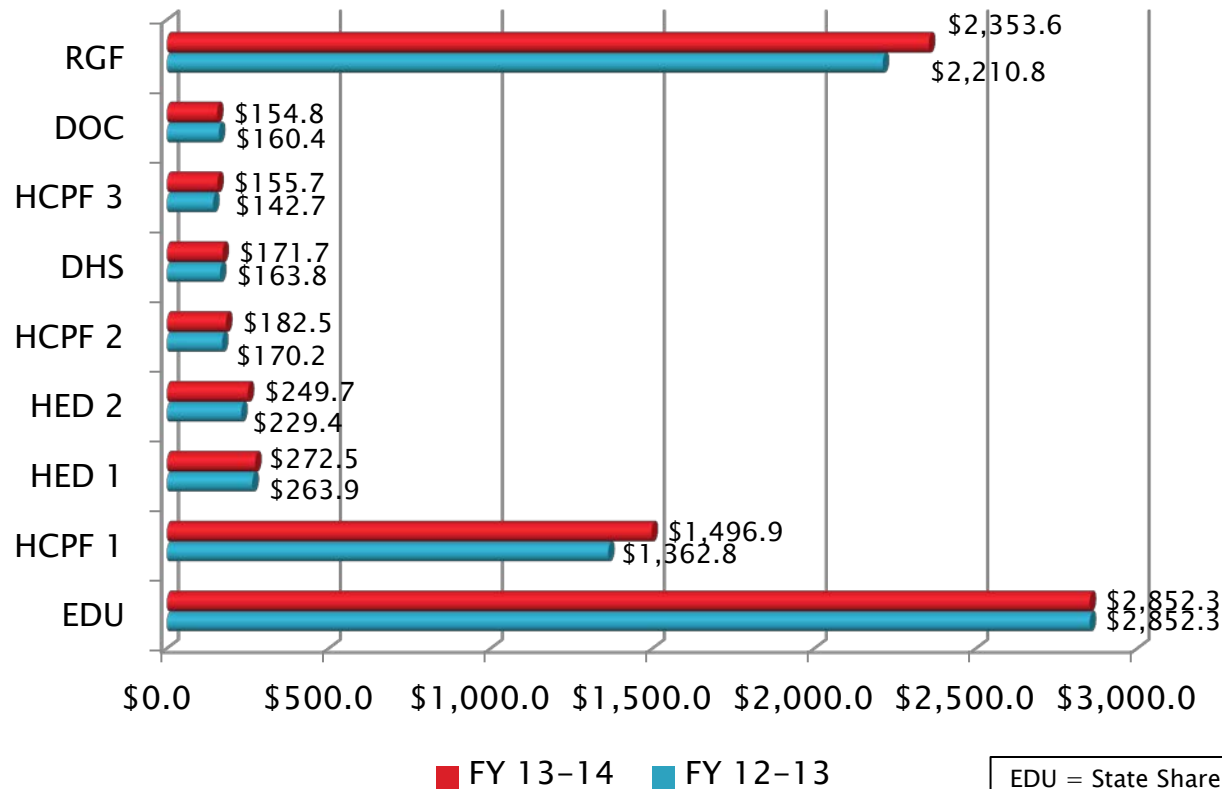


The budget request includes a net increase of \$83.5 million General Fund for FY 2013-14 for placeholders that impact the General Fund Overview.

Proportional Comparison of FY 2012-13 and FY 2013-14 by Department (\$ in Millions)



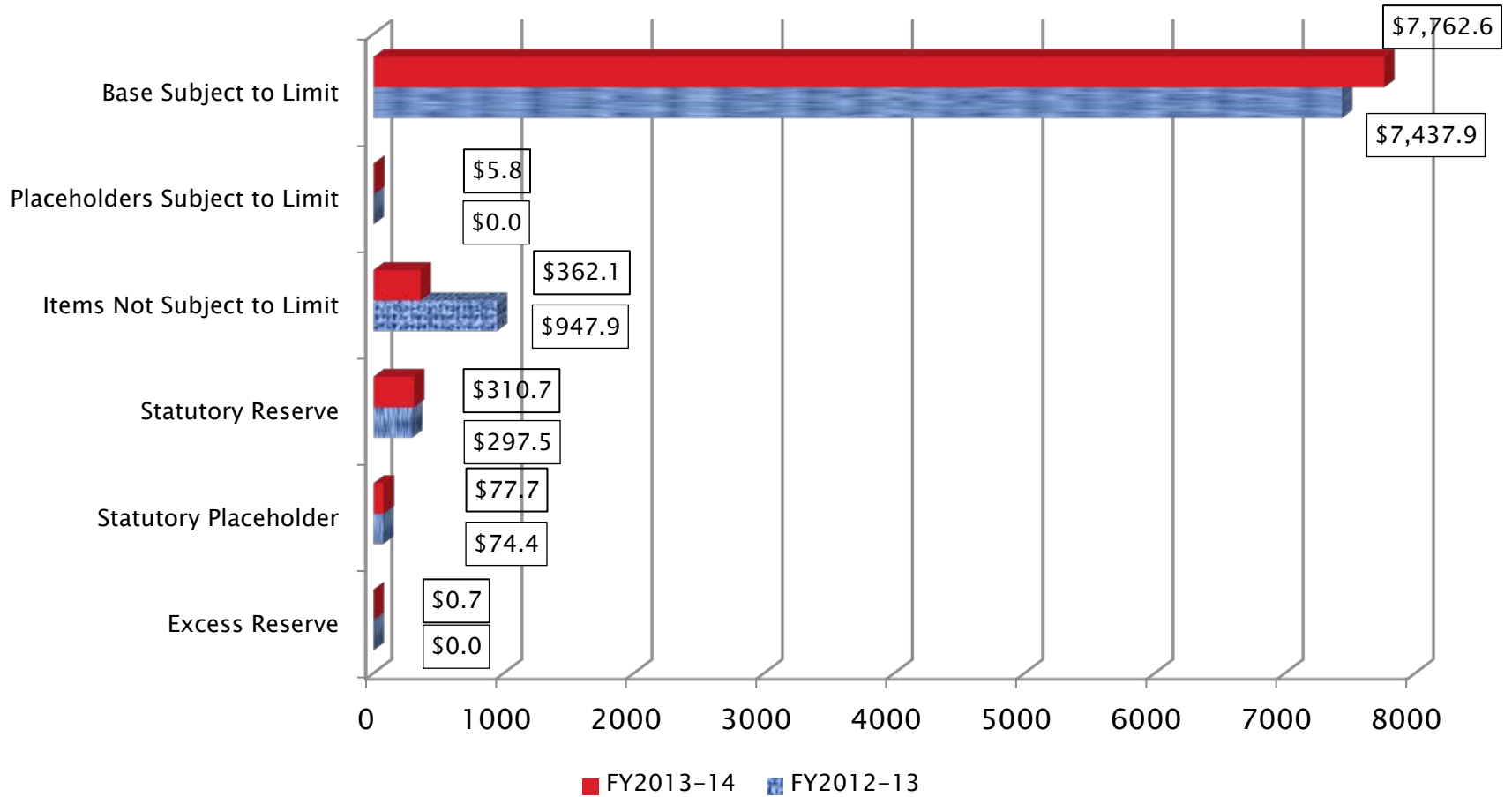
Comparison of FY 2012–13 General Fund Appropriation and FY 2013–14 General Fund Request by Largest Line Item (\$ in Millions)



EDU = State Share of Total Funding
 HCPF 1 = Medical Services Premiums
 HED 1 = COF Stipends
 HED 2 = COF Fee-for-service
 HCPF 2 = Community Services for People with Disabilities
 DHS = Child Welfare Services
 HCPF 3 = Mental Health Capitation for Medicaid Clients
 DOC = Housing & Security Personal Services
 RGF = Remaining GF Line items

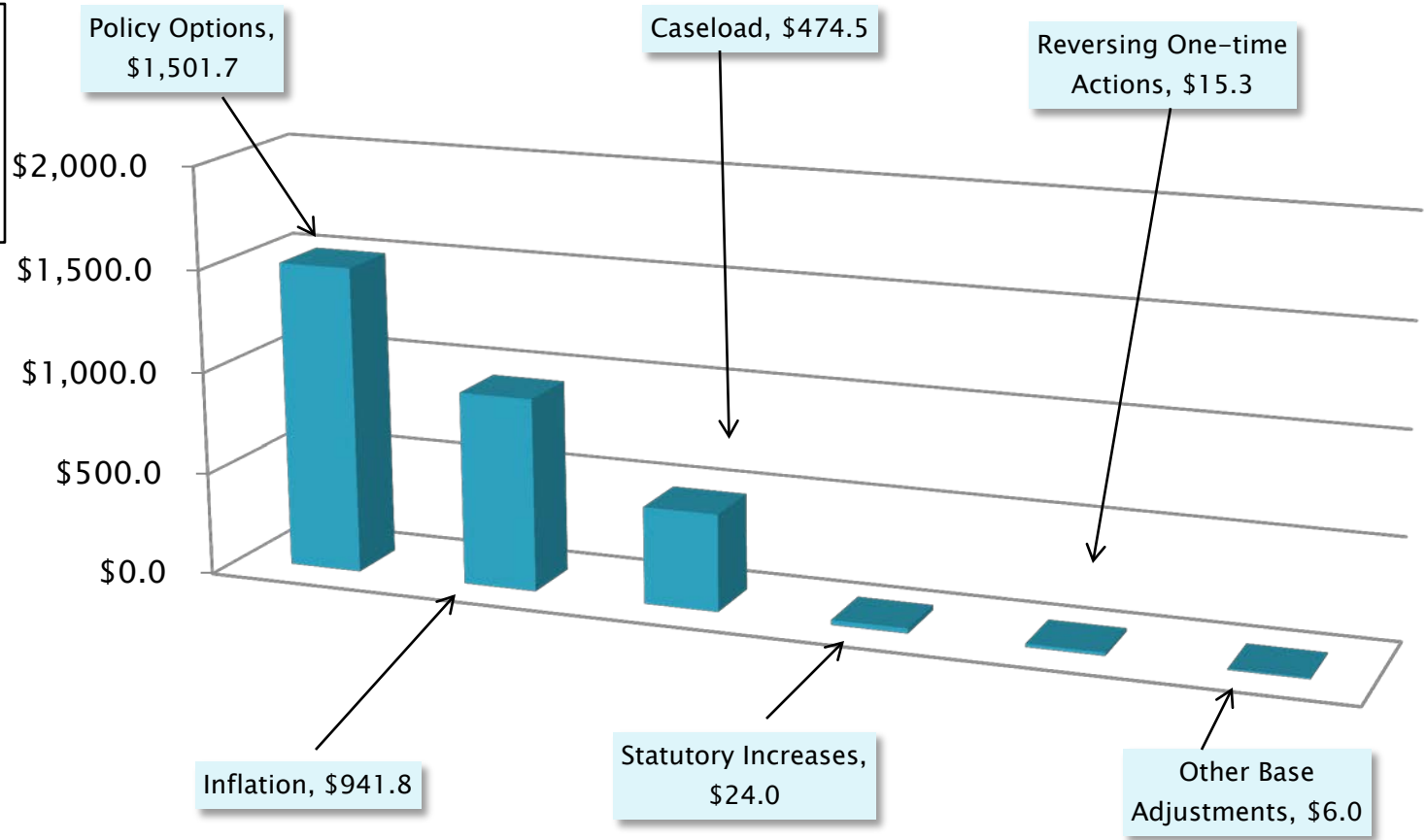
Comparison of FY 2012-13 and FY 2013-14 Expenditures on the OSPB General Fund Overview

(\$ in Millions)

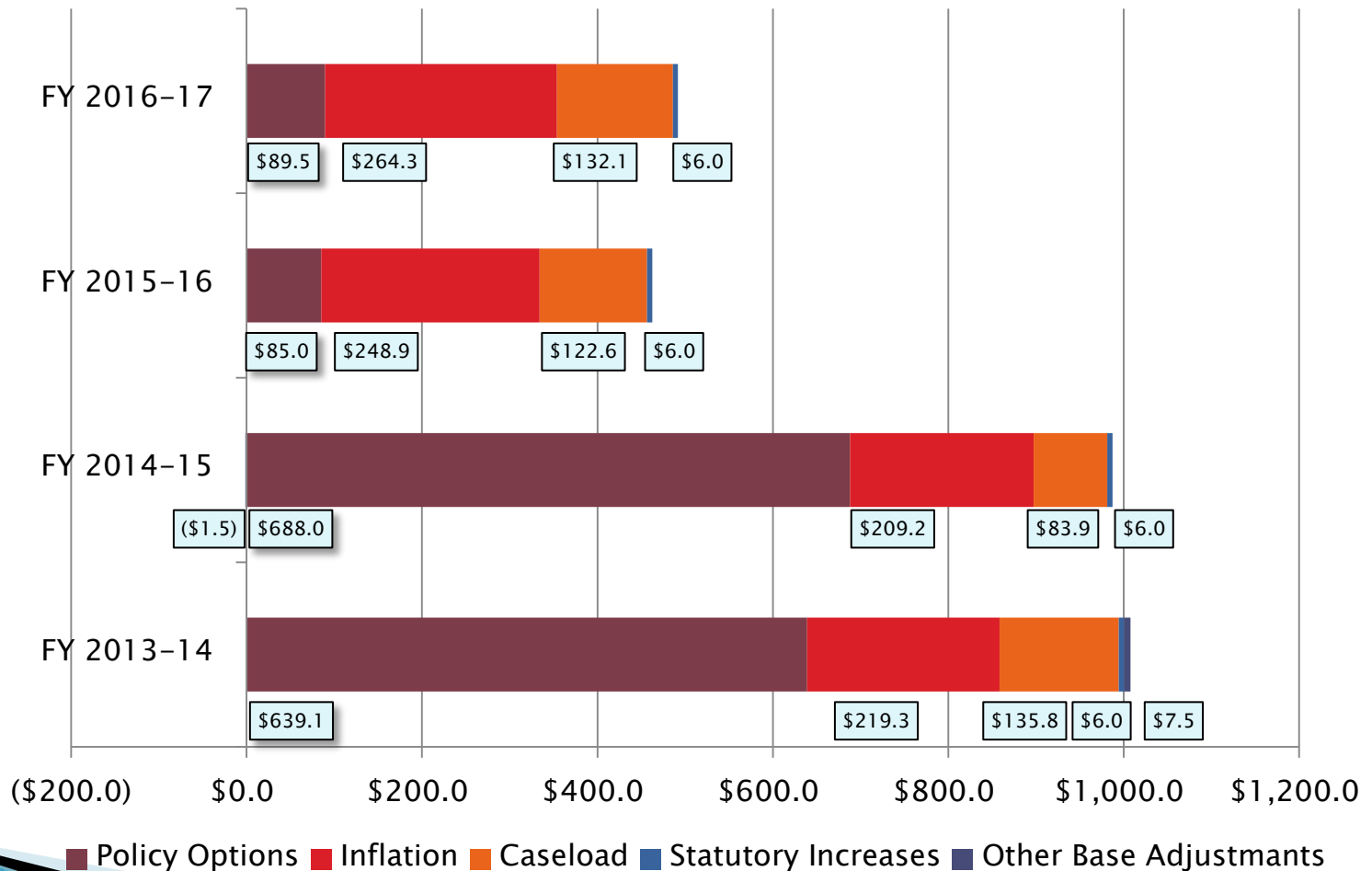


Four Year Projections of General Fund Costs by Category (\$ in Millions)

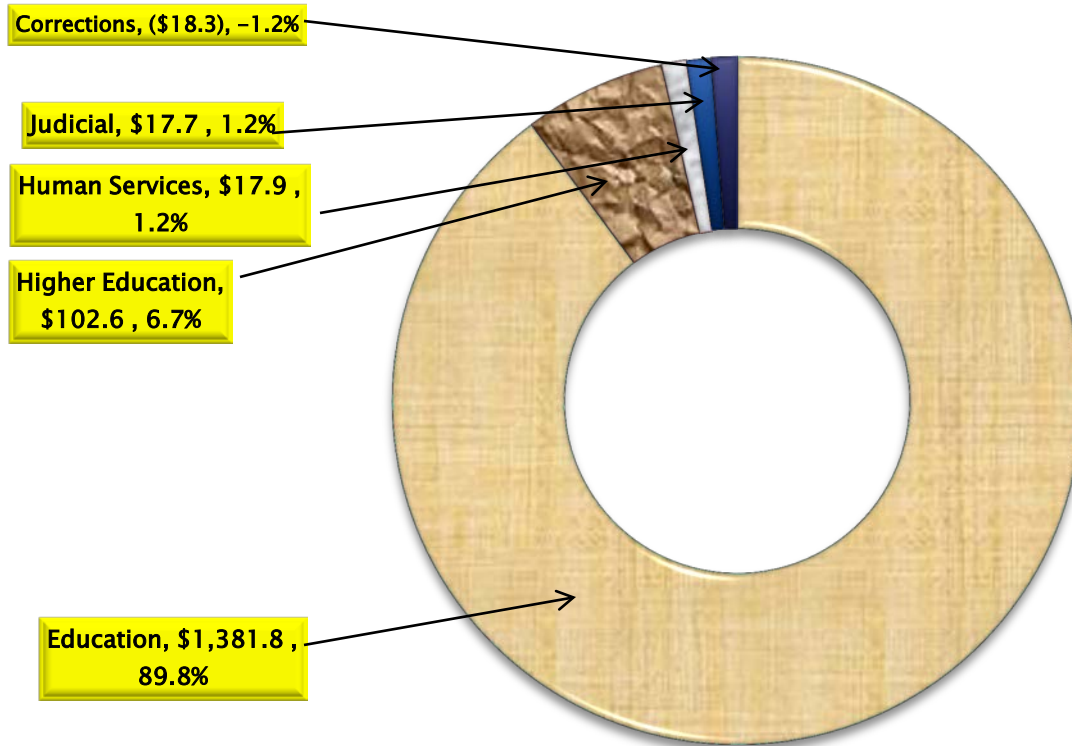
Staff Estimates that General Fund costs could increase by a total of \$3.0 billion over the next four years.



JBC Four Year Projection of General Fund Costs by Fiscal Year (\$ in Millions)

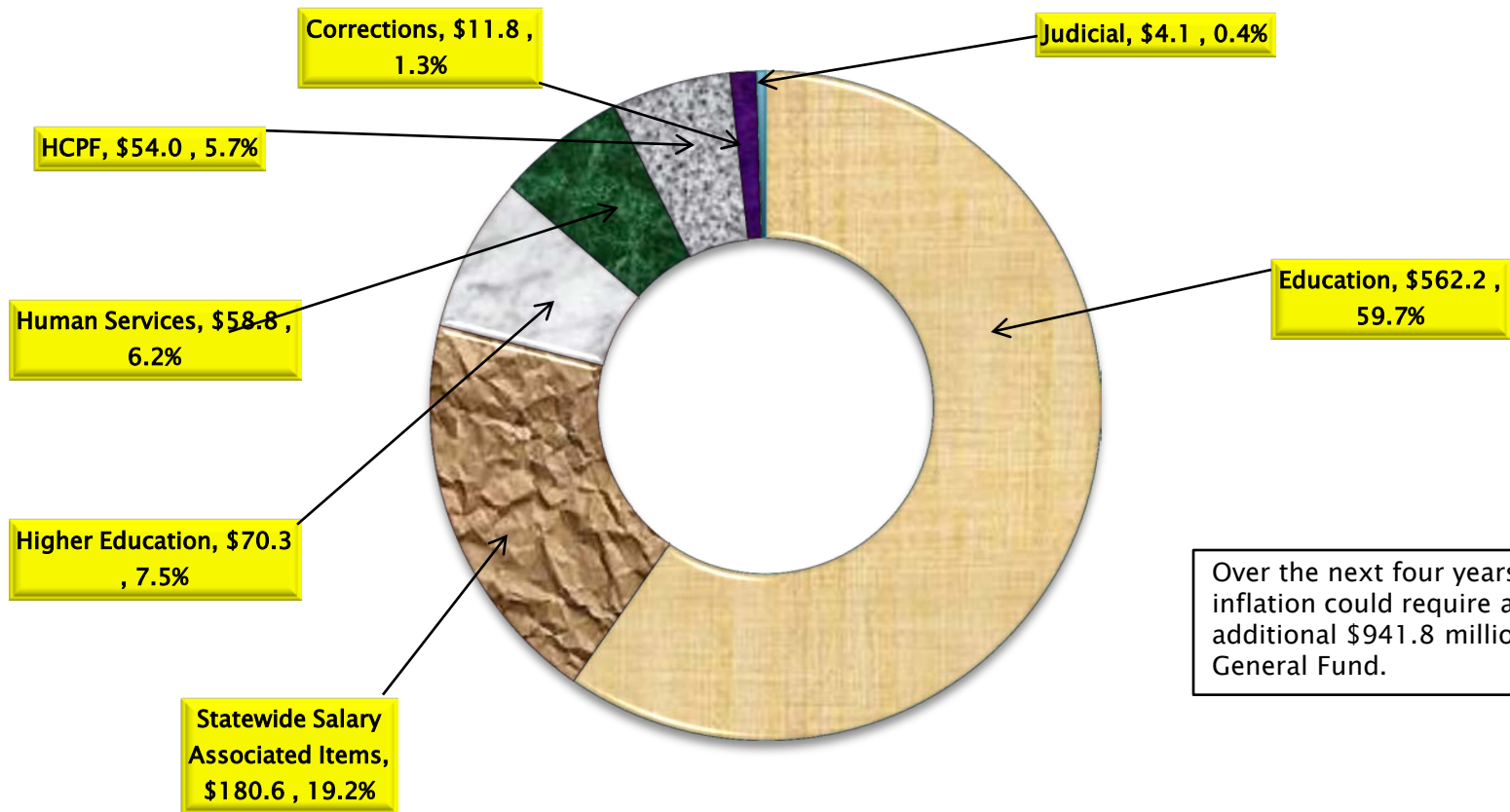


Policy Options Projections by Components (\$ in Millions)



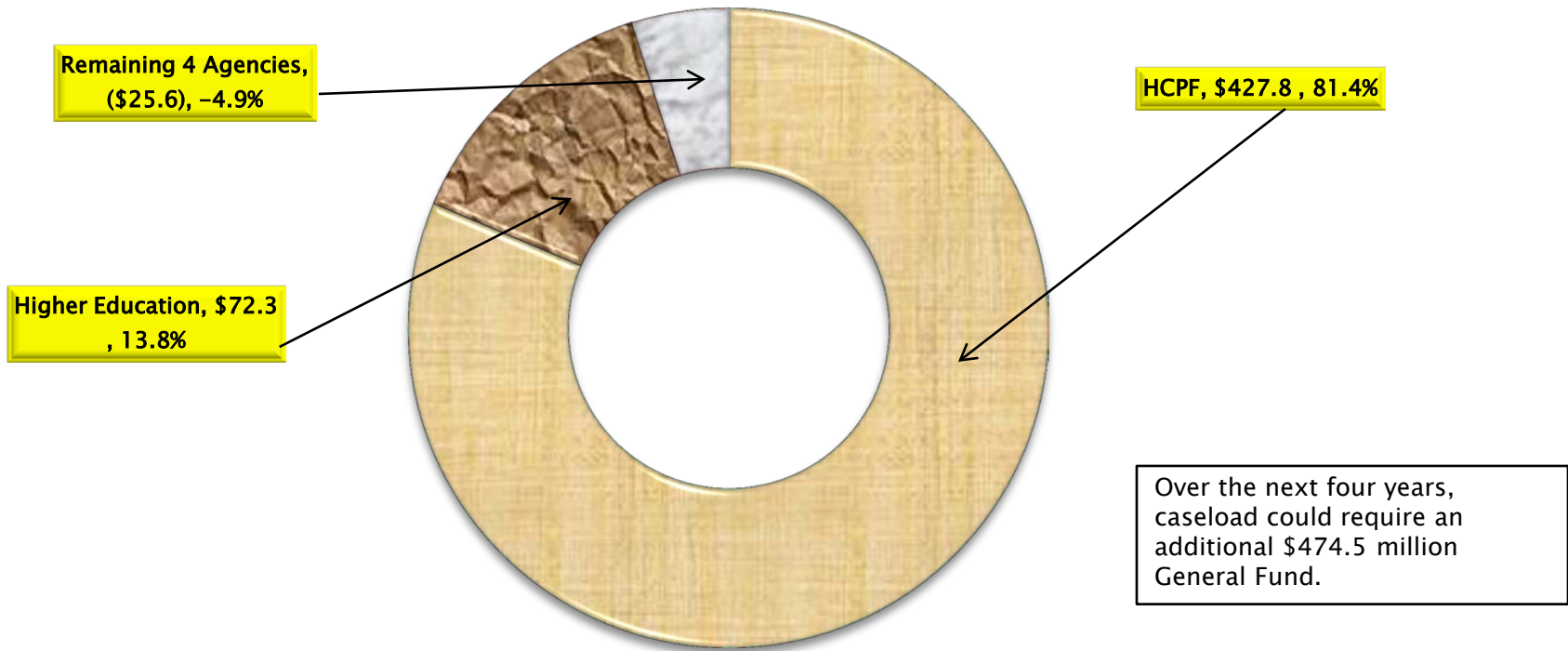
Over the next four years, policy options could require an additional \$1,501.7 million General Fund.

Inflation Projections by Components (\$ in Millions)



Over the next four years, inflation could require an additional \$941.8 million General Fund.

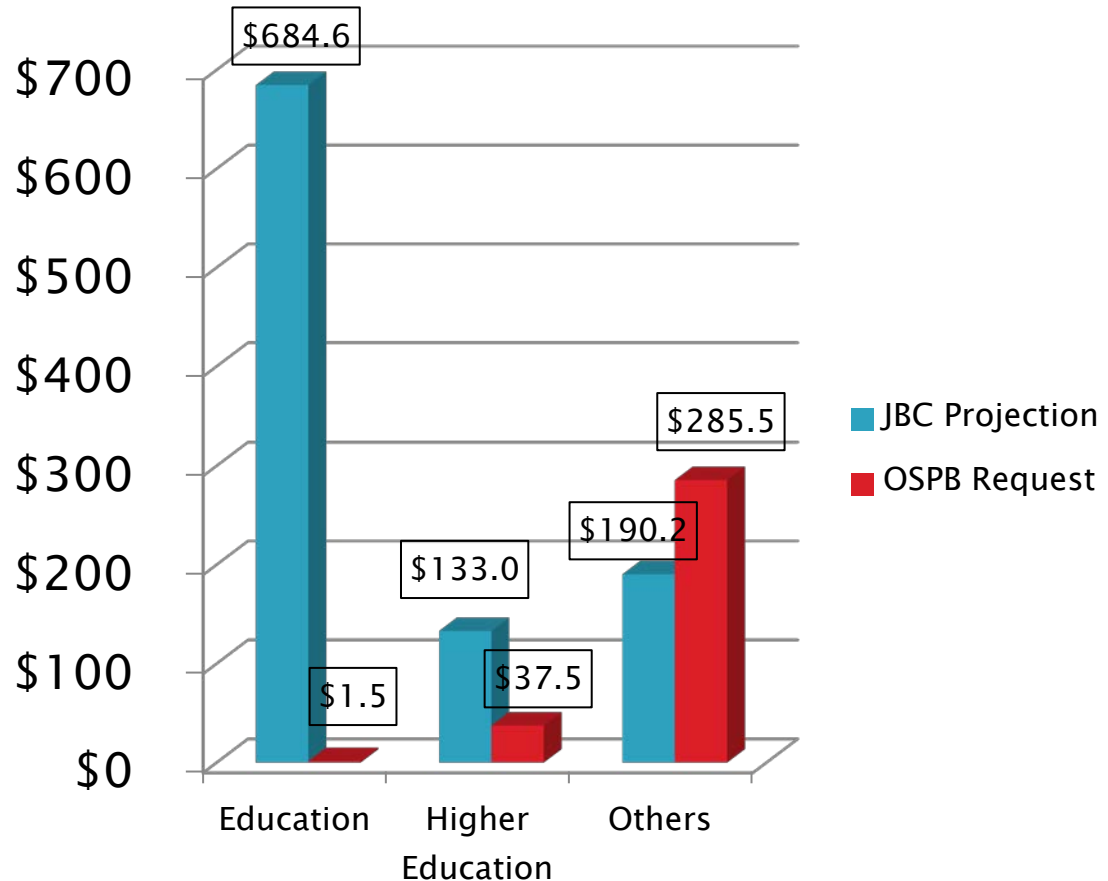
Caseload Projections by Components (\$ in Millions)



Comparison of JBC Staff Projections and OSPB Request for FY 2013-14 General Fund (\$s in Millions)

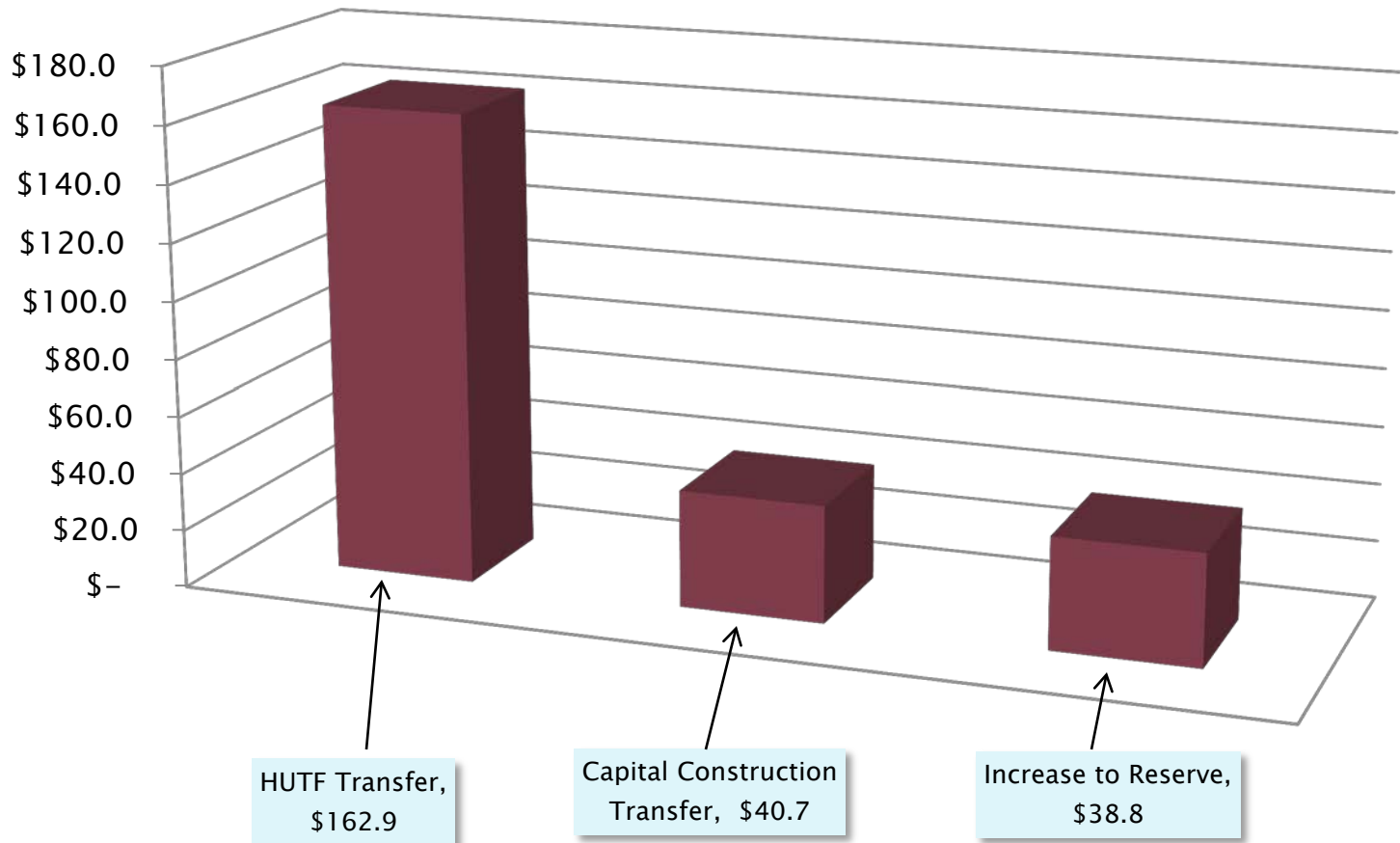
The JBC staff projection for Education is higher than the OSPB request because of funding assumptions and policy options

The JBC staff projection for Higher Education is higher than the OSPB request because of policy options



Example of Annual General Fund Impacts of SB 09-228 (\$ in Millions)

SB 09-228 will eventually require General Fund to be transferred to the HUTF and CCF, and an increase in the General Fund statutory reserve. These changes do not begin until personal income growth exceeds 5.0 percent from one calendar year to the next.



**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2013-14 STAFF BUDGET BRIEFING
OVERVIEW OF FY 2013-14 BUDGET REQUEST**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:
John Ziegler, JBC Staff
November 15, 2012**

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TDD: (303) 866-3472

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

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OVERVIEW OF FY 2013-14 REQUEST

Discussion of the FY 2012-13 General Fund Appropriations

The General Assembly appropriated a total of \$7,569.5 million General Fund in FY 2012-13. Within the Long Bill (HB 12-1335), the General Assembly appropriated \$7,493.4 million General Fund. The Long Bill contained General Fund appropriations equal to \$76.0 million (99.0 percent) less than the total General Fund appropriated for FY 2012-13 (See Figure 1).

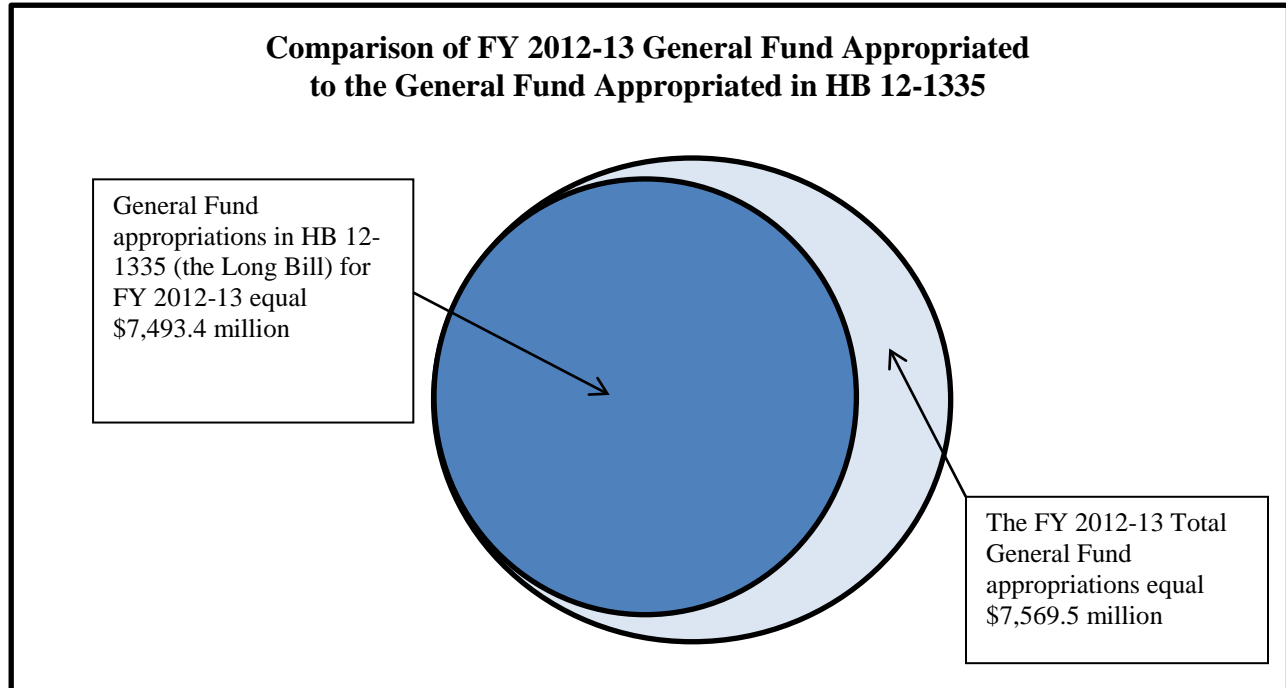


Figure 1

The General Assembly passed other bills that increased the General Fund appropriation for FY 2012-13 by \$76.0 million over the amount appropriated in the Long Bill (figure 2). The following is a list of the major actions the General Assembly passed in separate legislation that impacted General Fund appropriations:

- Increase of \$57.2 million General Fund in the School Finance Act (HB 12-1345) due to changes in the level of the negative factor that was applied to total program funding.
- A \$33.2 million General Fund appropriation to the General Assembly in the legislative appropriation bill (HB 12-1301).
- A \$7.0 million General Fund appropriation to the Department of Human Services for improvements to the Colorado Benefits Managements System (CBMS) in HB 12-1339.
- Reduction of \$22.7 million General Fund and increase of cash funds by a like amount based on a three year extension of the current diversion, from the highway users tax fund to the licensing

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services cash fund, of revenue collected for examination and for issuance or renewal of instruction permits, drivers' licenses, and identification cards in HB 12-1216.

- A net increase of \$1.3 million General Fund appropriated in various other bills impacting the General Fund.

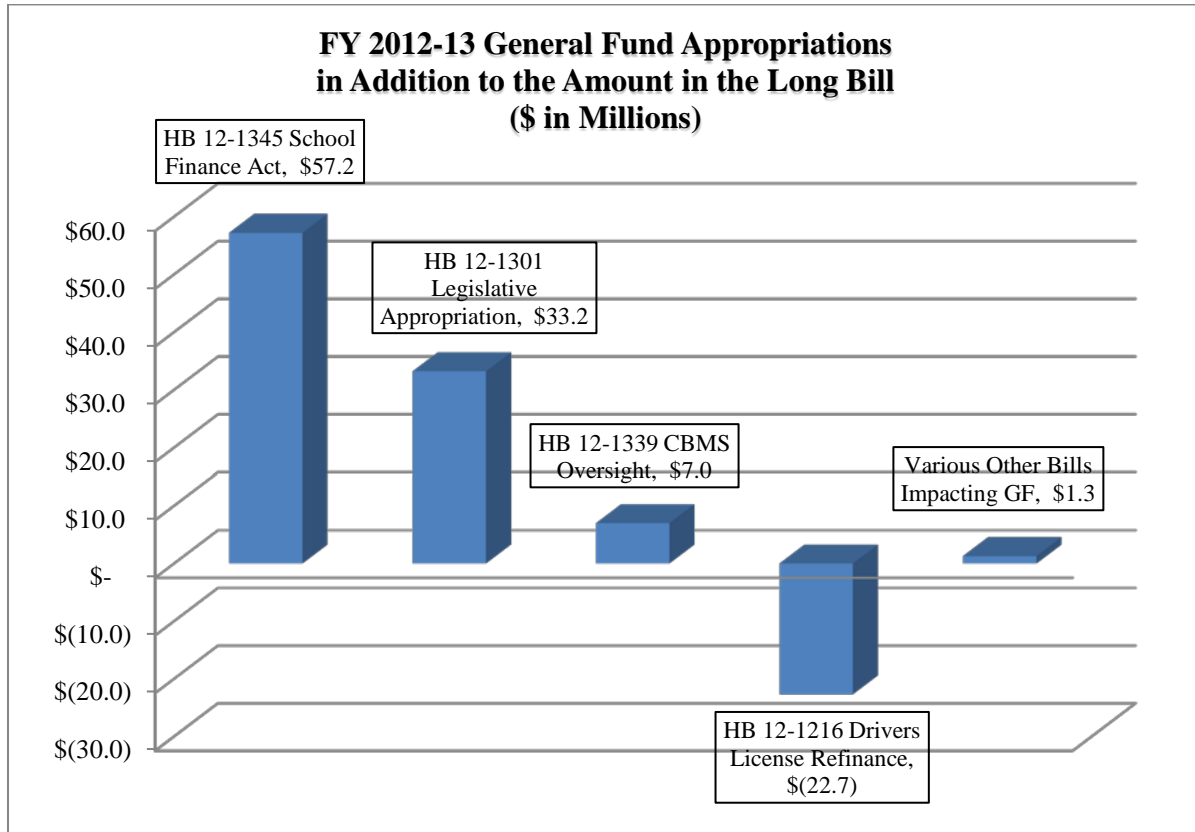


Figure 2

Distribution of FY 2012-13 General Fund Appropriation: JBC staff reviewed the appropriations from the 2012 Session to determine where the majority of General Fund was appropriated. Seven line items contained 68.9 percent of the General Fund appropriated (figure 3). These lines are as follows:

- \$2,852.3 million (37.7 percent) of the total General Fund was appropriated for State Share of Total Funding in the Department of Education (EDU in figure 3).
- \$1,362.8 million (18.0 percent) of the total General Fund was appropriated for Medical Services Premiums in the Department of Health Care Policy and Finance (HCPF 1 in figure 3).
- \$263.9 million (3.5 percent) of the total General Fund was appropriated for College Opportunity Fund Stipends in the Department of Higher Education (HED 1 in figure 3).
- \$229.4 million (3.0 percent) of the total General Fund was appropriated for College Opportunity Fund Fee-for-Service in the Department of Higher Education (HED 2 in figure 3).

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- \$170.2 million (2.3 percent) of the total General Fund was appropriated for Medicaid Services for People with Developmental Disabilities in the Department of Health Care, Policy, and Finance (HCPF 2 in figure 3).
- \$163.8 million (2.2 percent) of the total General Fund was appropriated for Child Welfare Services in the Department of Human Services (DHS in figure 3).
- \$160.4 million (2.1 percent) of the total General Fund was appropriated for Housing and Security Personal Services in the Department of Corrections (DOC in figure 3).
- \$2,353.5 million (31.1 percent) of the total General Fund was appropriated for the more than 750 remaining General Fund (RGF in figure 3) line items in the FY 2012-13 appropriations.

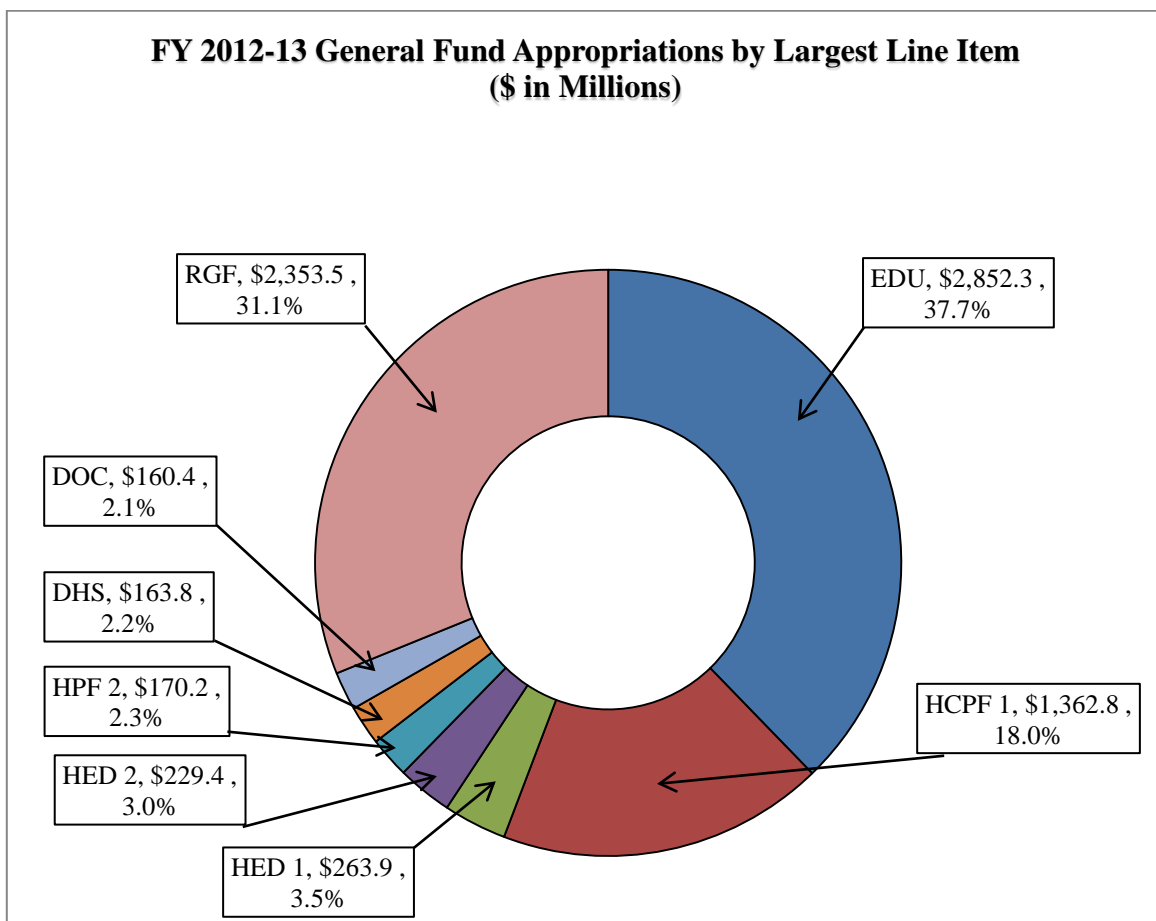


Figure 3

Discussion of the FY 2013-14 Budget Request

The departments of state government submitted their FY 2013-14 budget requests on November 1. These budget requests reflect the priorities of the Governor with the exception of the Legislative Branch, Judicial Branch, and the other elected officials. In preparing the budget request, OSPB assumed a 7.0 percent General Fund increase for Judicial; a 4.6 percent General Fund increase for Law; a 21.4 percent increase for Treasury; a 5.5 percent increase for the

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Legislature; and no General Fund for State.

Table 1 on page 20 reflects the actual requests submitted by Judicial, Law, State, and Treasury. Since the request for the Legislature is not submitted to the JBC, Table 1 reflects the same level of General Fund for the Legislature that the Governor included in his request and is meant to merely be a place holder until the Executive Committee provides direction on the percent increase/decrease to be requested by the Legislature. It is also important to note that, based on the original amount appropriated for FY 2012-13 during the 2012 Session, **\$3.2 billion remains under the FY 2012-13 General Fund statutory appropriation limit.** The Joint Budget Committee approved supplemental requests equaling a reduction of \$0.2 million General Fund submitted through the 1331 supplemental process during the 2012 interim.

Overall the department budget requests for FY 2013-14 (including the requests as submitted by Judicial, Law, State, and Treasury) reflect a General Fund increase subject to the statutory limit of \$324.5 million (4.4 percent) as compared to the current level of FY 2012-13 appropriations subject to the statutory limit as appropriated during the 2012 Session. Figure 4 reflects the requested increases by department.

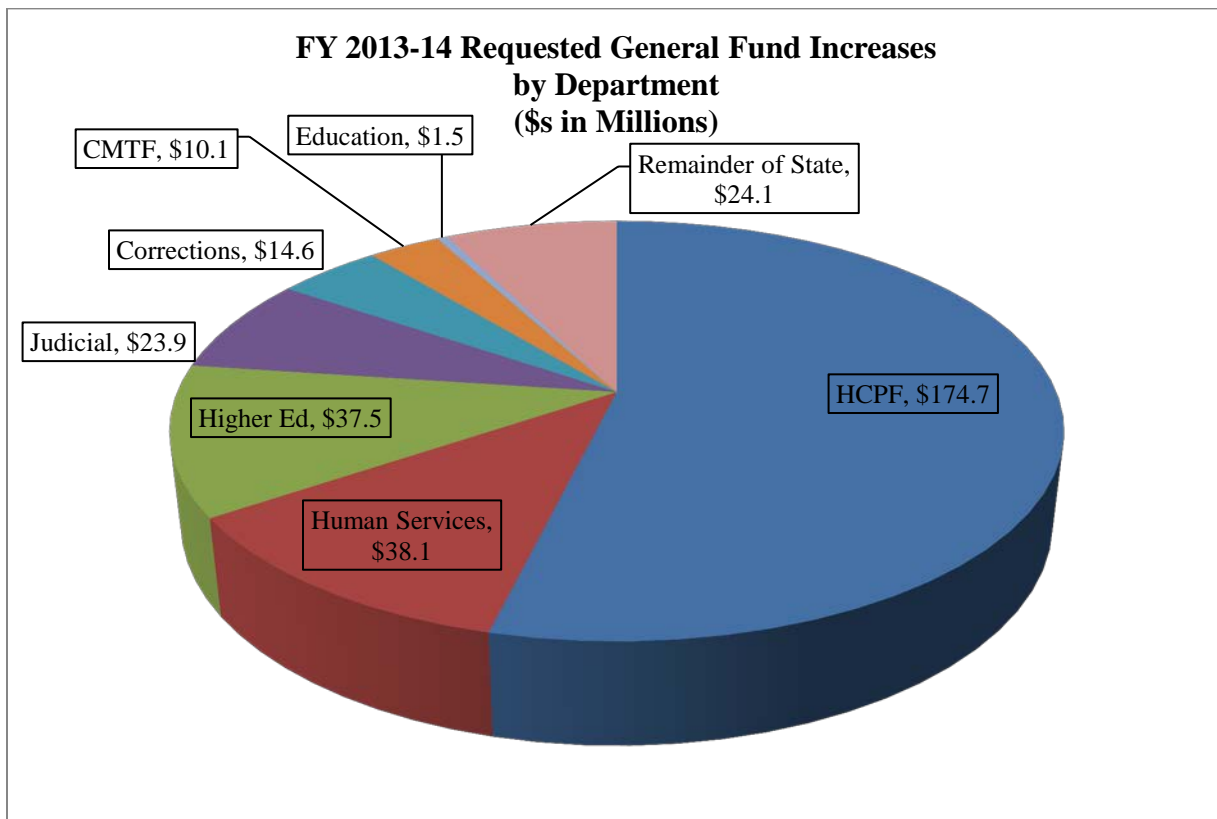


Figure 4

However, the Governor's budget transmittal letter indicates the Governor plans to submit an additional \$5.8 million in General Fund requests through budget amendments and/or bill requests requiring appropriations. When this \$5.8 million General Fund placeholder and the FY 2012-13

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1331 supplementals approved by the JBC are included in the calculation, the increase for FY 2013-14 over FY 2012-13 is \$330.5 million General Fund (4.4 percent).

The budget requests reflect these common assumptions:

- The request includes an increase of 1.5 percent for merit pay and 1.5 percent for salary survey for state employees.
- The request contains an increase sufficient to maintain the employer/employee contributions for Health/Life/Dental at 100 percent of the market contribution rates.
- No common policy was submitted for inflationary increases in food, utilities, and medical costs. Individual departments may have separate decision items for these areas.
- An increase of 1.5 percent was submitted for community provider rates.

Table 1 also provides an overview of the General Fund request by department. It should be noted that:

- Table 1 reflects the November 1 submission including the actual requests for Judicial, Law, State, and Treasury, but assumes the level of funding included by the Governor for the Legislature. As a result, the total amount will not exactly coincide with the total amount reflected in the Governor's November 1, 2012 letter to Representative Gerou because OSPB assumed different amounts for the elected officials and other branches of state government than were actually requested by these entities.
- A General Fund increase of \$174.7 million (9.4 percent) is included for the Department of Health Care Policy and Financing. The Department's request includes the following significant General Fund changes:
 - ❑ \$105.2 million net increase for caseload, utilization, and financing adjustments for ongoing programs, including:
 - \$78.4 million for Medical Service Premiums
 - \$14.3 million for the Medicare Modernization Act
 - \$10.3 million for mental health community programs, and
 - \$1.9 million for the Children's Basic Health Plan.
 - ❑ \$25.0 million to replace one-time financing from the Hospital Provider Fee for Medical Service Premiums.
 - ❑ \$14.6 million for a 1.5 percent provider rate increase.
 - ❑ \$3.3 million and 10.4 FTE for technology improvements and administrative costs.
 - ❑ \$1.1 million General Fund (plus \$13.7 million cash funds, mostly from the Unclaimed Property Fund) and 1.2 FTE to expand benefits for dental and substance use disorder services.
 - ❑ \$9.7 million for programs operated by the Department of Human Services, including:

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- \$6.5 million for expanding services to people with developmental disabilities
 - \$2.8 million for a 1.5 percent provider rate increase, and
 - \$0.8 million for Early Intervention Services case load growth.

- A General Fund increase of \$38.1 million (5.9 percent) is included for the Department of Human Services. The largest components of this increase include the following:
 - An increase of \$17.2 million to establish a comprehensive, statewide behavioral health crisis care system for persons, families, and communities; expand community services for individuals with behavioral health needs to help avoid institutional placement; and, increase the number of available psychiatric beds for individuals who have determined by the court to be incompetent to proceed.

 - An increase of \$13.1 million Medicaid funds from the Department of Health Care Policy and Financing for 809 new development disabilities waiver slots. The General Fund portion of this transfer (\$6.5 million) is reflected in the Department of Health Care Policy and Financing.

 - An increase of \$8.8 million for centrally appropriated line items including health, life, and dental, salary survey, and merit pay.

 - An increase of \$6.3 million for a 1.5 percent provider rate increase.

 - An increase of \$3.6 million to annualize prior year funding, including a \$5.0 million increase refinance Temporary Assistance for Needy Families (TANF) federal funds with General Fund in Child Welfare.

 - An increase of \$2.0 million for senior services (such as meals on wheels).

 - An increase of \$0.9 million to implement Trauma Informed Care (TIC) best practices at the State's two mental health institutes.

 - An increase of \$0.6 million General Fund for county administration due to Supplemental Nutrition Assistance Program caseload growth. (For the same reason, the request also retains \$1.4 million General Fund in county administration that was previously expected to be removed in FY 2013-14.)

- A General Fund increase of \$37.5 million (6.1 percent) is included for the Department of Higher Education. This increase is primarily due to the following:
 - \$30.0 million related to operational funding for colleges and universities.

 - \$5.3 million for need-based financial aid grants.

 - \$1.6 million for the Ft. Lewis College Native American tuition waiver.

 - \$0.3 million associated with the operations of the Cumbres and Toltec Scenic Railroad.

 - \$0.2 million related to an increase in the number of students qualifying for the College Opportunity Fund Program at participating non-profit private institutions (University of Denver, Regis University, and Colorado Christian University).

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- \$0.1 million to align funding to serve the eligible students in the Dependent Tuition Assistance Program.
- A General Fund increase of \$23.9 million (6.8 percent) is reflected in the Judicial Branch requests. The Branch's requests include the following significant General Fund changes:
 - \$13.2 million General Fund for policies proposed by the Governor and prior legislation concerning employee benefits, including \$9.1 million for salary increases; \$2.1 million for supplemental PERA contributions; and \$2.0 million for health, life, and dental benefits.
 - \$6.9 million General Fund for the Office of the State Public Defender to: raise attorney salaries to a level that is comparable to Colorado public sector attorney compensation practices (\$5.8 million), and eliminate an operational expense funding shortfall (\$1.1 million).
 - \$1.8 million increase in the General Fund appropriation to the Correctional Treatment Cash Fund as required by H.B. 12-1310 to increase resources available to four departments for the provision of substance abuse treatment.
 - \$0.6 million General Fund for three policy initiatives related to the courts and probation services.
 - \$0.4 million General Fund increase related to the relocation of Judicial Branch agencies to the Ralph L. Carr Colorado Judicial Center.
- A General Fund increase of \$14.6 million (2.2 percent) is included for the Department of Corrections. The Department's requests include the following significant General Fund changes:
 - \$19.3 million for centrally appropriated line items including health, life, and dental, salary survey, merit pay, amortization equalization disbursement, supplemental amortization equalization disbursement, and purchases from the computer center.
 - \$2.8 million for additional mental health professionals to improve treatment of offenders with mental illness.
 - \$2.3 million for increased parole caseload.
 - \$2.1 million for an expansion of the Department's sex offender treatment and management program.
 - \$1.3 million for a 1.5 percent provider rate increase for private prisons, jails, and community corrections programs.
 - A reduction of \$9.1 million due to the closure of CSP II.
 - A reduction of \$2.3 million for medical costs due to a declining offender population.
- A General Fund increase of \$10.1 million (77.7 percent) is requested to build up the balance of the Controlled Maintenance Trust Fund (\$23.1 million in FY 2013-14 as compared to 13.0 million in FY 2012-13).

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- A General Fund increase of \$1.5 million (0.0 percent) for K-12 Education. The Department's requests include the following significant General Fund changes:
 - The centrally appropriated line items including health, life, and dental insurance, salary survey, merit pay, and information technology common policies, among others, account for a net increase of \$1.0 million General Fund. The Department is also requesting an increase \$0.6 million General Fund for accountability and improvement planning pursuant to S.B. 09-163. The increases are partially offset by reductions annualizing prior year legislation.
 - The request does not include any additional General Fund for the State Share of Districts' Total Program Funding; instead, the request would provide an additional \$196.0 million cash funds from the state education fund to support total program spending. The request, which is predicated on a statutory change, proposes that the "negative factor" in the school finance formula decrease from 16.1 percent to 15.5 percent of Total Program Funding (with the dollar value of the negative factor remaining constant at \$1.0 billion).

Table 5 on page 27 reflects the Governor's proposal for a \$5.8 million General Fund set aside for the following statutory changes or upcoming budget amendments:

- \$5.0 million in the Department of Corrections for lawsuit related improvements.
- \$312,476 in the Department of Corrections for a restorative justice program.
- A \$9.9 million reduction in the Department of Corrections for a projected decrease in prison population. Please note that JBC staff is including this in the Budget Amendment section of the overviews because the department made an adjustment to the bottom line of their summary schedules but did not include a detailed request delineating where the reductions would occur.
- \$3.0 million for consolidation-related improvements at the Office of Information and Technology.
- \$5.0 million for the Elder Abuse Task Force recommendations.
- \$2.4 million for Colorado Benefits Management System.

The Governor's November 1 budget submission transmittal letter also alludes to the following potential requests for statutory or policy changes:

- A potential change to law to allow the Governor to repay resources transferred to fight the 2012 wildfires to the funds from which they were transferred, including the Major Medical Insurance Fund and the Perpetual Base Account of the Severance Tax Fund. Current law requires these repayments go into the Disaster Emergency Fund rather than the funds from which they were originally taken.
- Potential changes to the statutory merit plan to handle new appropriations from cash funded sources.
- Potential changes related to the expansions of Medicaid pursuant to Federal health reform.
- Increase the statutory reserve from 4.0 percent to 5.0 percent beginning in FY 2012-13 and continuing on at that level until the SB 08-228 increases begin. This increase in reserve would require approximately \$75.0 million beginning in FY 2012-13 and \$77.7 million in FY 2013-14. The

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transmittal letter is silent as to what method would be used to accomplish the increase (i.e., a change to the reserve statute or simply increasing the excess General Fund reserve).

The Governor’s budget submission transmittal letter indicates that more information will be provided for the \$5.8 million placeholder items and the statutory policy items at a later date.

Figure 5 reflects the \$5.8 million General Fund placeholders as requested by the Governor.

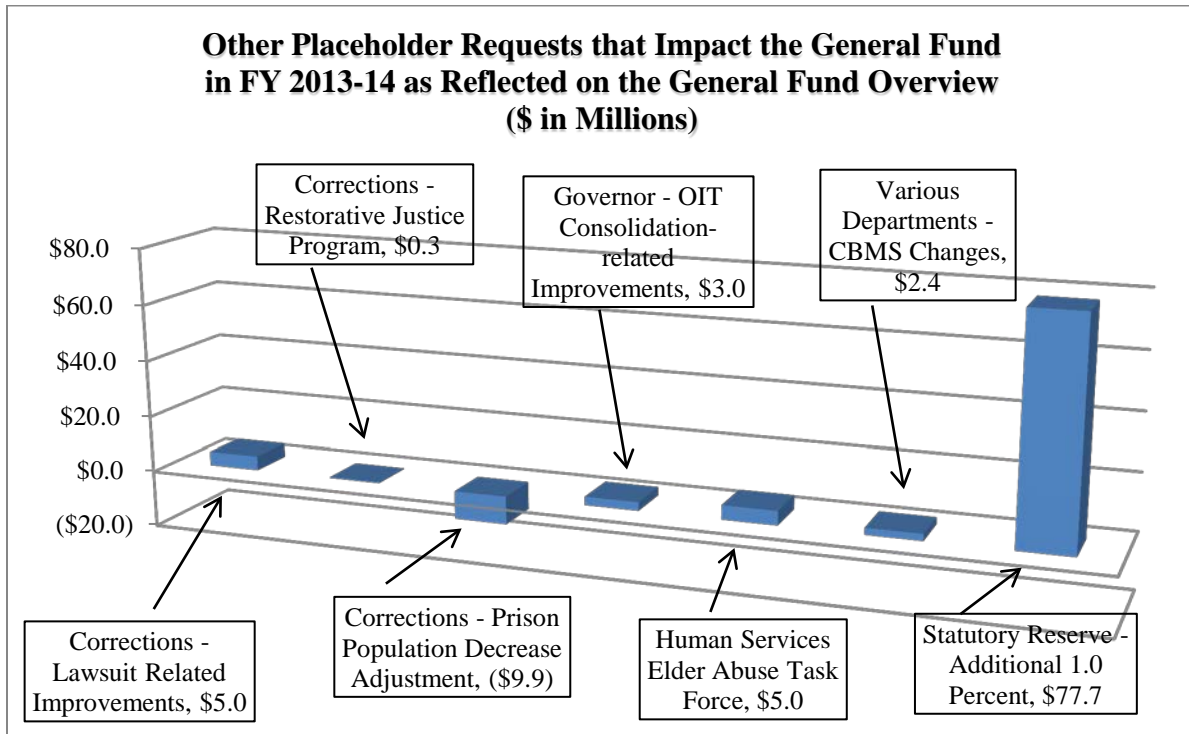


Figure 5

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Distribution of FY 2013-14 General Fund Budget Request: The six largest departments account for 93.9 percent of the General Fund request for FY 2013-14. In FY 2012-13, the six largest departments accounted for 94.3 percent of the General Fund appropriation. Figure 6 provides a proportional comparison of the FY 2013-14 request to the FY 2012-13 appropriation.

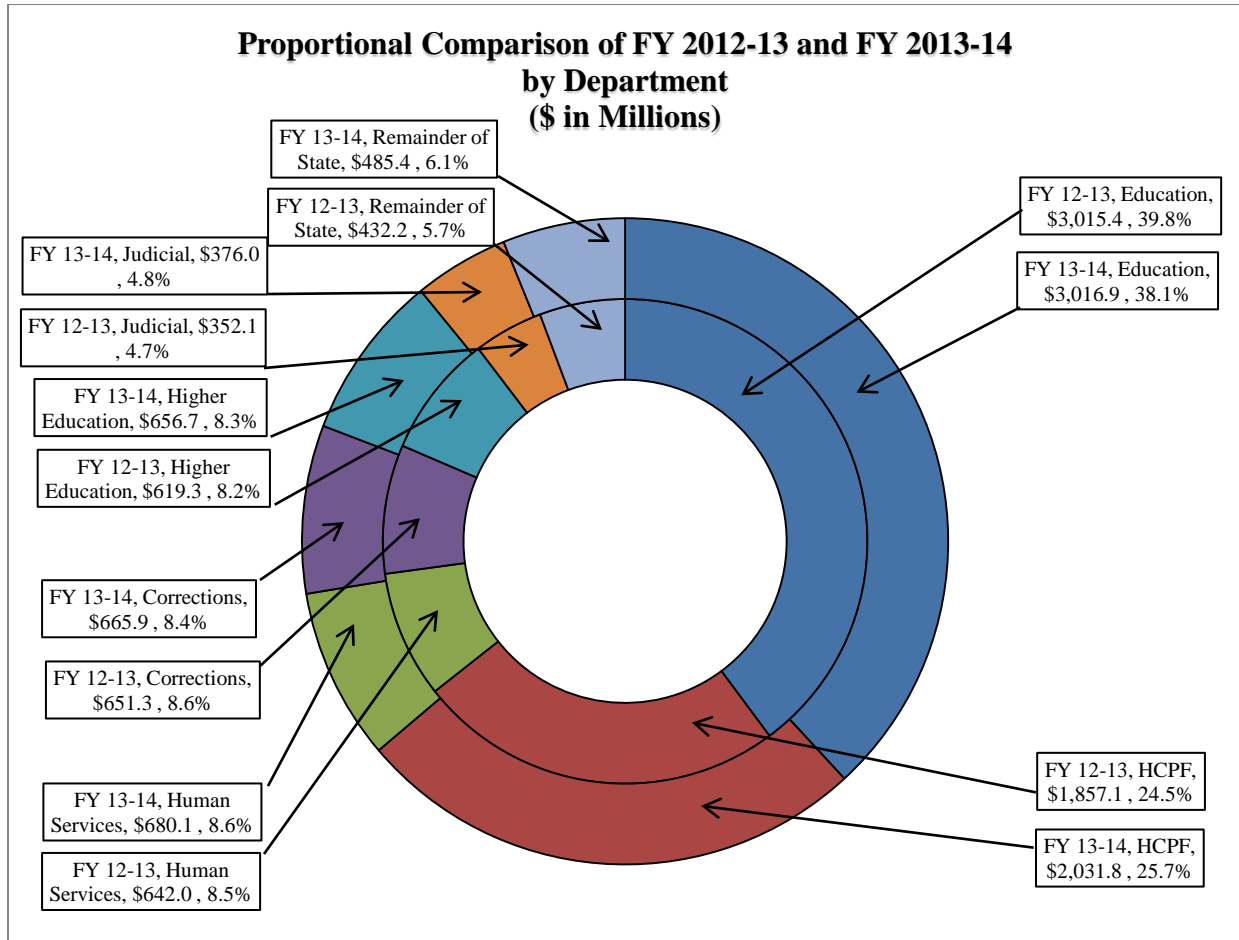


Figure 6

JBC staff reviewed the FY 2013-14 budget request to determine the line items in which the majority of General Fund is being requested. Eight line items in the request contain 70.2 percent of the General Fund requested. These line items are as follows:

- \$2,852.3 million (36.1 percent) of the total General Fund was requested for State Share of Total Funding in the Department of Education (EDU in figure 7).
- \$1,496.9 million (19.0 percent) of the total General Fund was requested for Medical Services Premiums in the Department of Health Care Policy and Finance (HCPF 1 in figure 7).
- \$272.5 million (3.5 percent) of the total General Fund was requested for College Opportunity Fund Stipends in the Department of Higher Education (HED 1 in figure 7).

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- \$249.7 million (3.2 percent) of the total General Fund was requested for College Opportunity Fund Fee-for-Service in the Department of Higher Education (HED 2 in figure 7).
- \$182.5 million (2.3 percent) of the total General Fund was requested for Medicaid Services for People with Developmental Disabilities in the Department of Health Care, Policy, and Finance (HCPF 2 in figure 7).
- \$171.7 million (2.2 percent) of the total General Fund was requested for Child Welfare Services in the Department of Human Services (DHS in figure 7).
- \$155.7 million (2.0 percent) of the total General Fund was requested for Mental Health Capitation for Medicaid Clients in the Department of Health Care, Policy, and Finance (HCPF 3 in figure 7).
- \$154.8 million (1.9 percent) of the total General Fund was requested for Housing and Security Personal Services in the Department of Corrections (DOC in figure 7).
- \$2,353.6 million (29.8 percent) of the total General Fund was requested for the more than 750 remaining General Fund (RGF in figure 7) line items in the FY 2013-14 appropriations.

The comparison of the eight largest General Fund line items in the FY 2013-14 budget request to the amount that was appropriated for each line item in FY 2012-13 are reflected in figure 7.

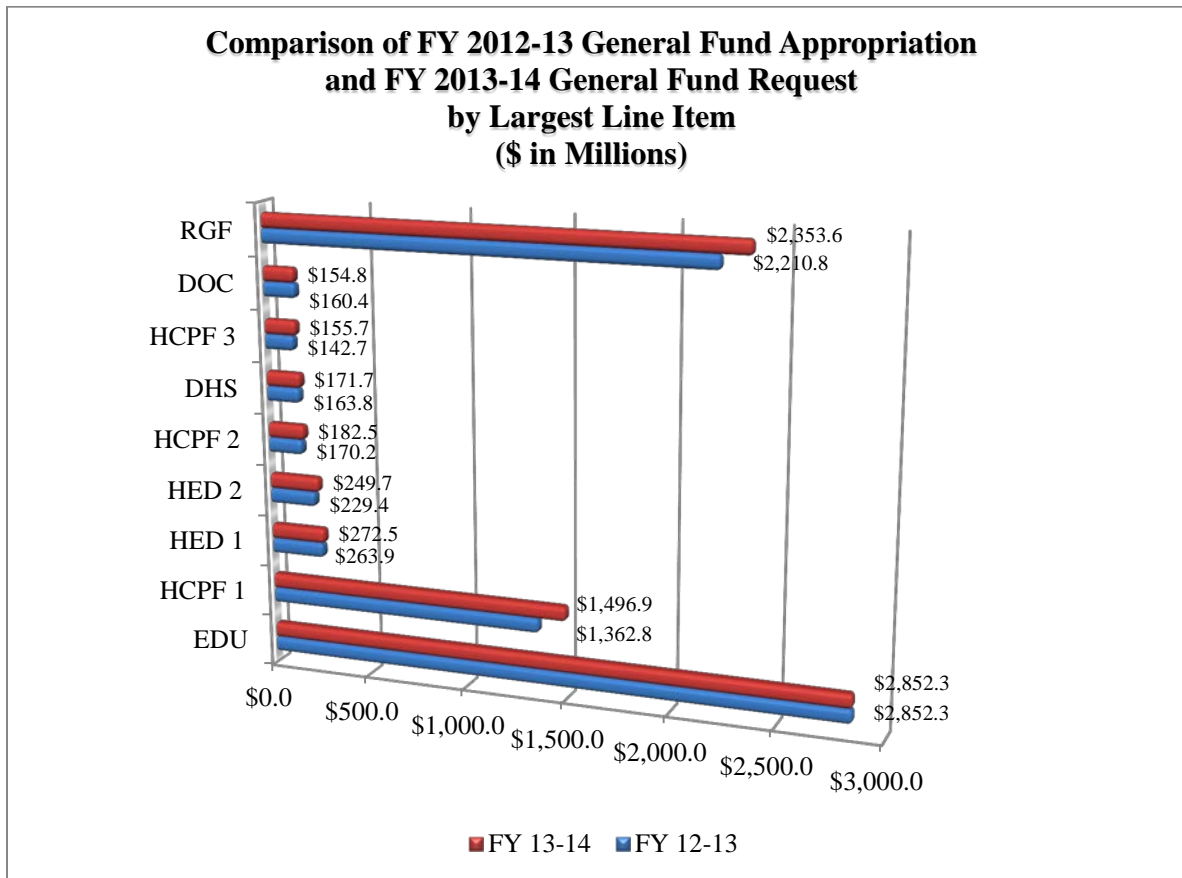


Figure 7

GENERAL FUND OVERVIEWS BASED ON SEPTEMBER 2012 REVENUE ESTIMATES

The overviews on pages 21 and 23 provide the outlook for the General Fund over the next several years based on the following assumptions:

- Table 2 (page 21) is based on OSPB's September 2012 revenue estimates of Gross General Fund revenues, the amount of Rebates and Expenditures, TABOR refunds, and Amendment 23 Transfer to the Education Fund. Table 3 (page 23) is based on Legislative Council Staff September 2012 revenue estimates of Gross General Fund revenues, the amount of Rebates and Expenditures, TABOR refunds, and Amendment 23 Transfer to the Education Fund.
- Based on their respective revenue assumptions, the two scenarios reflect the following with regard to FY 2012-13:
 - The OSPB forecast indicates, in the Moneys in (Deficit)/Excess of the Statutory GF Reserves line item, that no deficit/excess would exist as compared to a 5.0 percent reserve (the 4.0 percent statutory reserve plus the additional 1.0 percent increase to the reserve that the Governor requested in the budget submission) at the end of FY 2012-13. This is the result of H.B. 12-1338 that requires all excess reserve at the end of FY 2012-13 to be transferred to the State Education Fund. Absent this bill, \$643.0 million would be in the excess reserve at the end of FY 2012-13 based on the OSPB forecast.
 - The LCS forecast indicates, in the Moneys in (Deficit)/Excess of the Statutory GF Reserves line item, that no deficit/excess would exist as compared to a 5.0 percent reserve (the 4.0 percent statutory reserve plus the additional 1.0 percent increase to the reserve that the Governor requested in the budget submission) at the end of FY 2012-13. This is the result of H.B. 12-1338 that requires all excess reserve at the end of FY 2012-13 to be transferred to the State Education Fund. Absent this bill, \$604.2 million would be in the excess reserve at the end of FY 2012-13 based on the LCS forecast.
- Both of the scenarios assume the level of General Fund appropriations for FY 2013-14 as requested on November 1. With regard to each scenario:
 - The OSPB scenario reflects, in the Moneys in (Deficit)/Excess of the Statutory GF Reserves line item, an ending surplus of \$0.7 million at the end of FY 2013-14 based on a maintaining a 5.0 percent statutory reserve as requested by the Governor. Please note, JBC staff reflected the actual requests for the Judicial Branch and elected officials.
 - The LCS scenario reflects, in the Moneys in (Deficit)/Excess of the Statutory GF Reserves line item, an ending surplus of \$165.3 million at the end of FY 2013-14 based on a 5.0 percent statutory reserve as requested by the Governor.
- A capital construction transfer has been included in both scenarios for FY 2013-14 at a level that would be sufficient to fund the Governor's November 1st request for capital construction projects and all the required statutory transfers (primarily for certificates of participation and the Correction Expansion Reserve Fund). This amount (\$102.8 million) is based on the OSPB calculation of the amount that is needed for the requested projects.

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- Both of the scenarios reflect a statutory reserve of 5.0 percent. As noted earlier, the Governor is requesting that, in addition to the 4.0 percent statutory reserve required by current law for FY 2012-13 and FY 2013-14, the reserve be increased by one percent to 5.0 percent beginning in FY 2012-13.

Table 4 on page 25 reflects the actions taken on 1331 supplementals during the 2012 interim by the JBC. Table 5 on page 27 provides a summary of the placeholders, by department, the Governor is requesting for FY 2013-14. These amounts are reflected in the General Fund Overviews. Figure 8 reflects the components of the expenditures on the OSPB General Fund Overview for FY 2012-13 and FY 2013-14.

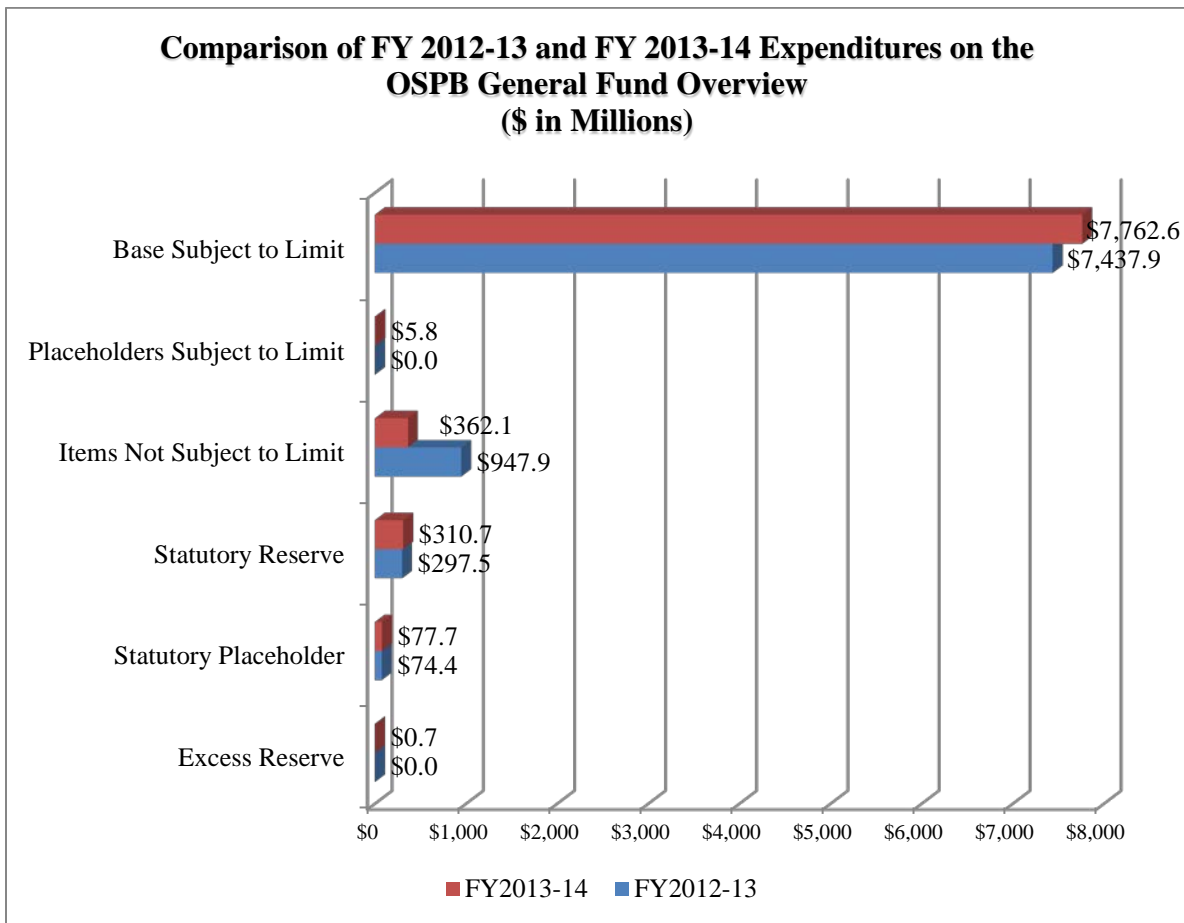


Figure 8

Observations about Assumptions Used:

It is important to note that a General Fund overview is based on various assumptions that, if changed, would result in a General Fund overview that looks very different from the ones presented in this document. Almost every category in every year, except the most recent actual year, is either an estimate or based on certain assumptions. As can be seen, the overview using Legislative Council's September 2012 revenue forecast looks very different from the overview using OSPB's September 2012 revenue forecast. The December revenue estimates will provide a different outlook even if no other variable or assumption is changed.

REVIEW OF JBC STAFF FOUR YEAR PROJECTIONS OF GENERAL FUND COSTS

The JBC staff prepared a four year projection of the major costs that can be anticipated in the upcoming years. The detailed schedules for the four year projection can be found on tables 6 and 7 on pages 28 through 31. These tables are included to assist the reader in understanding the methodology used to develop the projections included in this document.

Staff Projections: JBC staff is projecting that an additional \$2.9 billion General Fund could be needed over the next four years. However, the degree to which the amounts reflected in this projection are funded by the General Assembly will vary based on the availability of funding. Additionally, other actions could also be taken or other events could occur to alleviate the need for some of the estimated costs. It is important to note that only the major components of the General Fund budget were projected. JBC staff did not project the future cost of every line item in the budget. JBC staff did a general projection based on the following categories:

- Policy Options - Over the next four years, JBC staff estimates that policy options could result in the need for an additional \$1.5 billion General Fund. This is 50.7 percent of the total projected need. The majority of this need is from Education (\$1.4 billion, 92.0 percent). The Education policy option is based on the assumption that the General Assembly, beginning in FY 2013-14, will provide "full funding" for the existing school finance formula without application of the "negative factor". It is assumed that this full funding would be accomplished by splitting the cost between the General Fund and the State Education Fund. This may or may not happen depending on the actions taken by the General Assembly.
- Inflation - Over the next four years, JBC staff estimates that inflation could result in the need for an additional \$941.8 million General Fund. This is 31.8 percent of the total projected need. The majority of the projected inflation is from two areas:
 - The inflationary need in Education (\$562.2 million, 59.7 percent) is being driven based on the assumption that the average per pupil funding amount will increase annually based on the projected consumer price index (CPI).
 - The inflationary need in statewide actions (\$180.6 million, 19.2 percent) is being driven by the assumption that the General Assembly will begin funding the increase in costs for salary survey and the associated Public Employees Retirement Association, Amortization Equalization Disbursement, Supplemental Amortization Equalization Disbursement, and Medicare, as well as health/life/dental.
- Caseload - Over the next four years, JBC staff estimates that caseload could result in the need for an additional \$474.5 million General Fund. This is 16.0 percent of the total projected need. The following two areas are the primary drivers of this assumed need:
 - The projected need for Health Care Policy and Finance (\$427.8 million, 90.1 percent) is based on growth factors projected by the department through FY 2013-14 and then trending those growth factors forward in years not yet projected by the department. It does not include any additional

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expansions for the Affordable Care Act (ACA). The projections assumes current eligibility expansions financed with the Hospital Provider Fee will be financed with federal funds beginning January 2014, pursuant to the ACA, and then financed with the Hospital Provider Fee when state matching requirements phase in beginning January 2017, for no net change in General Fund.

- The projection for Higher Education (\$72.3 million, 15.2 percent) assumes projected student enrollment changes will be funded, thereby maintaining the current average per pupil funding amount. The actual 10-year compound average annual rate of growth of 2.8 percent from FY 2001-02 to FY 2011-12 was used to project the FY 2013-14 through FY 2017-18 enrollment growth because the March 2012 LCS forecast did not project enrollment beyond FY 2012-13.
- **Statutory Increases** - Over the next four years, JBC staff estimates that statutory driven increases could result in the need for an additional \$24.0 million General Fund. This is 0.8 percent of the total projected need. This results from the statutory requirement to increase the Amortization Equalization Disbursement (AED) and the Supplemental Amortization Equalization Disbursement (SAED) associated with PERA by .04 percent each calendar year through 2017.
- **Reversing One-time Actions** - Over the next four years, JBC staff estimates that reversing one-time actions that occurred in recent downturns could result in the need for an additional \$15.3 million General Fund. This is 0.5 percent of the total projected need. Fire and Police Pension Association payments must be increased over time in order to pay it back for missed payments during the economic downturn
- **Other Base Adjustments** - Over the next four years, JBC staff estimates that other base adjustments could result in the need for \$6.0 million General Fund. This is 0.2 percent of the total projected need. Annualization of CBMS Modernization project reduces the appropriation in FY 2013-14 and discontinues it in future years. In FY 2013-14, adds \$11.0 million to undo a TANF refinance, based on JBC FY 2012-13 action. Adds funding in FY 2013-14 for the new DD resources added in FY 2012-13.

Figure 9 reflects the components of the total four year projections of General Fund costs.

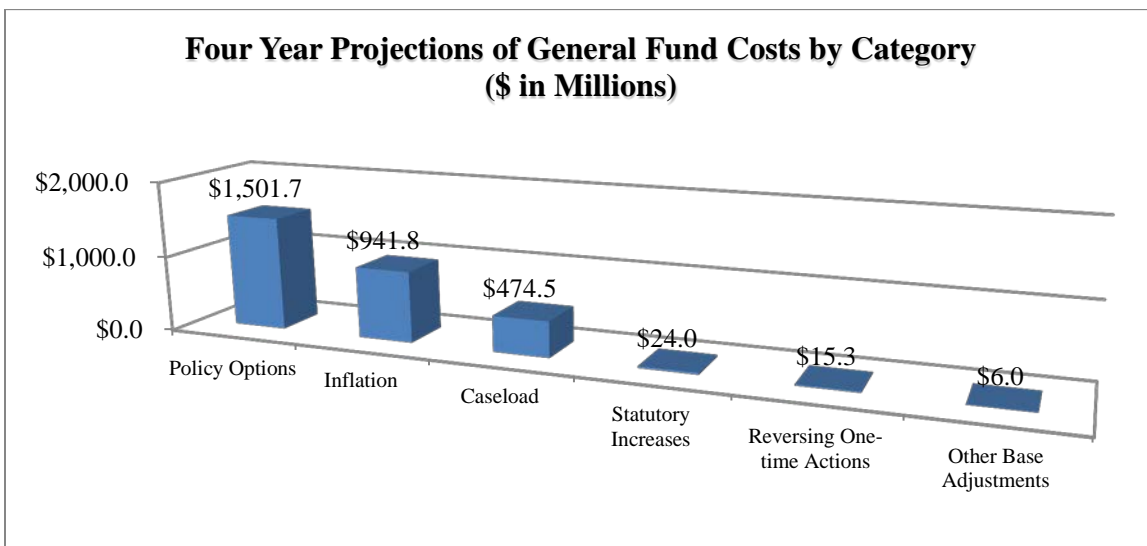


Figure 9

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Figure 10 reflects the potential impact, by fiscal year, based on the JBC staff four year projections.

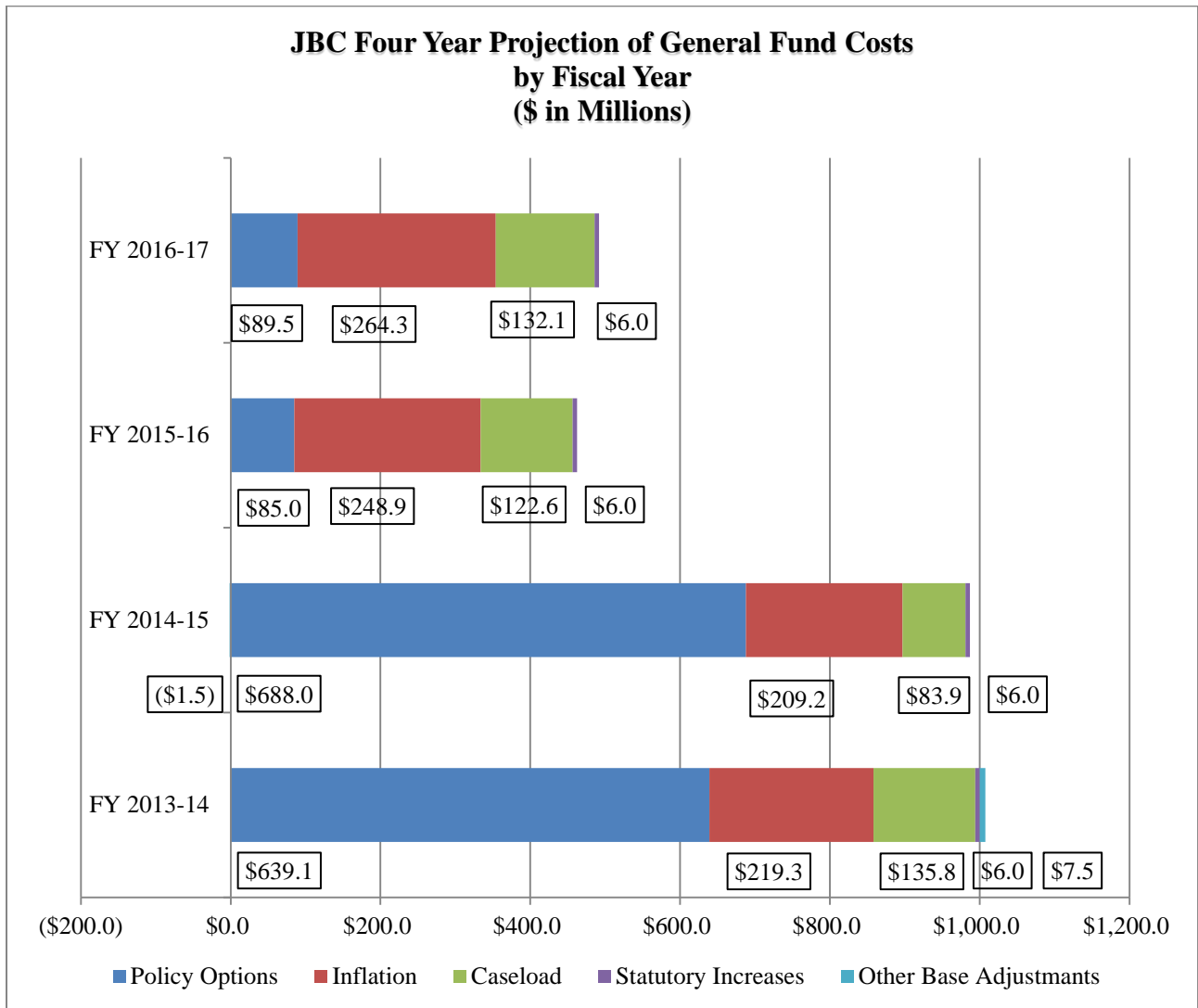


Figure 10

Comparison of FY 2013-14 Staff General Fund Projections to the FY 2013-14 OSPB General Fund Request: The JBC staff projection for FY 2013-14 General Fund subject to the statutory limit (\$1,007.8 million) is approximately \$683.3 million higher than the OSPB request (\$324.5 million). While the two amounts are not directly comparable, there are two primary reasons for the difference.

First, the JBC staff projection for the Department of Education is \$683.1 million higher than the OSPB request. The projection compares to the request in the following manner:

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- Caseload – Both the JBC staff projection and the OSPB request assume that moneys from the State Education Fund will cover the increased cost of caseload. Therefore, no General Fund is needed for caseload in either the JBC staff projection or the OSPB request.
- Inflation – The JBC staff projection assumed that a portion of the increase for inflation would be paid for with General Fund and a portion would be paid for with State Education Fund. This resulted in a requirement for \$131.2 million in the JBC staff forecast. The OSPB request assumes that the entire inflationary increase will be paid for with State Education Fund and, therefore, no General Fund is requested for this purpose.
- Policy Options – The JBC staff projections assume that the current “negative factor” is eliminated. This is paid for with a combination of General Fund and State Education Fund. This results in a projection of \$553.3 million General Fund. The OSPB request assumes that the “negative factor” remains in place. As a result, no General Fund is requested for this purpose.

Second, the JBC staff projection for the Department of Higher Education is \$95.5 million higher than the OSPB request. The JBC staff projection is higher because JBC staff reflected, in the policy options, the reversal of past General Fund reductions to the Department of Higher Education. The OSPB request does not include complete reversal of past reductions.

It is important to note that the JBC staff projections are meant to be a gage of potential costs in the future. Therefore, decisions that the General Assembly makes could change the amounts reflected.

Figure 11 reflects the differences between the JBC staff projections and the OSPB request for FY 2013-14.

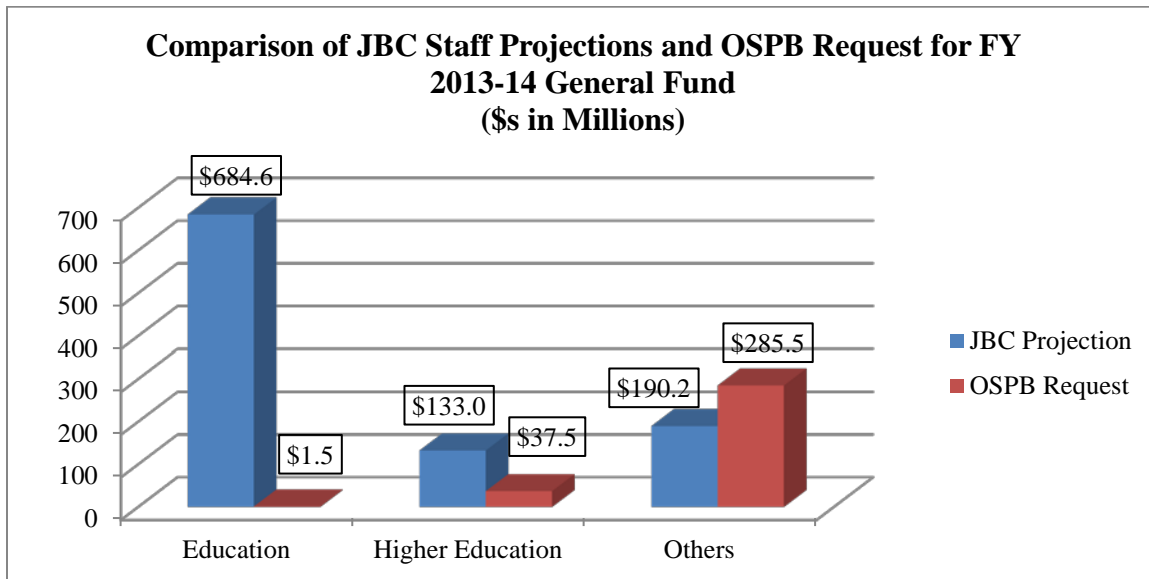


Figure 11

POTENTIAL GENERAL FUND IMPACT OF S.B. 09-228

Section 24-75-219, C.R.S. (S.B. 09-228) established a schedule of transfers of General Fund to the HUTF and CCF. Those transfers are as follows:

Percent of Total General Fund Revenue Transferred to HUTF and CCF		
FY	HUTF	CCF
2012-13	2.00%	0.50%
2013-14	2.00%	0.50%
2014-15	2.00%	1.00%
2015-16	2.00%	1.00%
2016-17	2.00%	1.00%

- After FY 2016-17, the automatic transfers are eliminated. It is left to the discretion of the General Assembly how much is to be appropriated and/or transferred each year.
- The series of transfers in the above table are dependent on growth in Colorado personal income being at least 5.0 percent from calendar year 2011 to 2012. If the personal income growth is less than 5.0 percent between those two calendar years, the transfers do not begin until a 5.0 percent growth in personal income between calendar years is achieved. However, once the transfers are triggered, statute dictates they continue regardless the level of personal income growth in the subsequent years. Legislation is required to change the trigger or the amount of transfers.
- The transfers are also impacted by the amount of TABOR refunds. If the TABOR refund reaches certain levels, the transfers are decreased. The following table reflects the amounts by which the transfers would decrease.

TABOR Refund as a Percent of Total General Fund Revenues	Reduction in Transfers to HUTF and CCF
greater than 1.0% and less than or equal to 3.0%	50.00%
greater than 3.0%	100.00%

Section 24-75-201.1 (1) (d), C.R.S. establishes the statutory reserve that is required to be maintained. The current statutory reserve requirement is 4.0 percent of the amount appropriated for expenditure from the General Fund for a given fiscal year. S.B. 09-228 added language requiring that the statutory reserve be increased by one-half percent per fiscal year over a period of five fiscal years beginning in FY 2012-13. However, there is language in the statute that suspends the increases from beginning until a personal income trigger occurs. The personal income trigger indicates that the initial reserve requirement applies to the first fiscal year after the personal income trigger is reached. The personal income trigger is defined as an increase in annual Colorado personal income from one calendar year to the next calendar year by an amount equal to five percent or more. That trigger has yet to occur.

The Governor’s budget request transmittal letter for FY 2013-14 indicates that the Governor will seek to increase the General Fund reserve requirement by one percent (from 4.0 percent to 5.0

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percent) beginning in FY 2012-13 even though the S.B. 09-228 trigger has not yet been met. The Governor’s transmittal letter does not provide specifics on whether the Governor seeks to accomplish the one percent increase in the General Fund reserve requirement through a statutory change or through simply maintaining one percent in excess General Fund reserve above the statutory reserve. The transmittal letter is also silent as to what this change would mean to the S.B. 09-228 triggers.

If section 24-75-201.1, C.R.S. is not amended and the additional one percent is kept in the excess General Fund reserve, the first two years of the S.B. 09-228 trigger would be met. However, if section 24-75-201.1, C.R.S. is amended, the requirements could change. That makes it difficult to analyze what the impact of S.B. 09-228 will be once the trigger is met. The impact could be anywhere from zero, for the first two years, to about \$40 million once the trigger is met.

Figure 12 reflects the impact that the S.B. 09-228 increases would have required had the trigger been met for FY 2013-14 (please note that these amounts are only being shown for informational purposes as the trigger was not met).

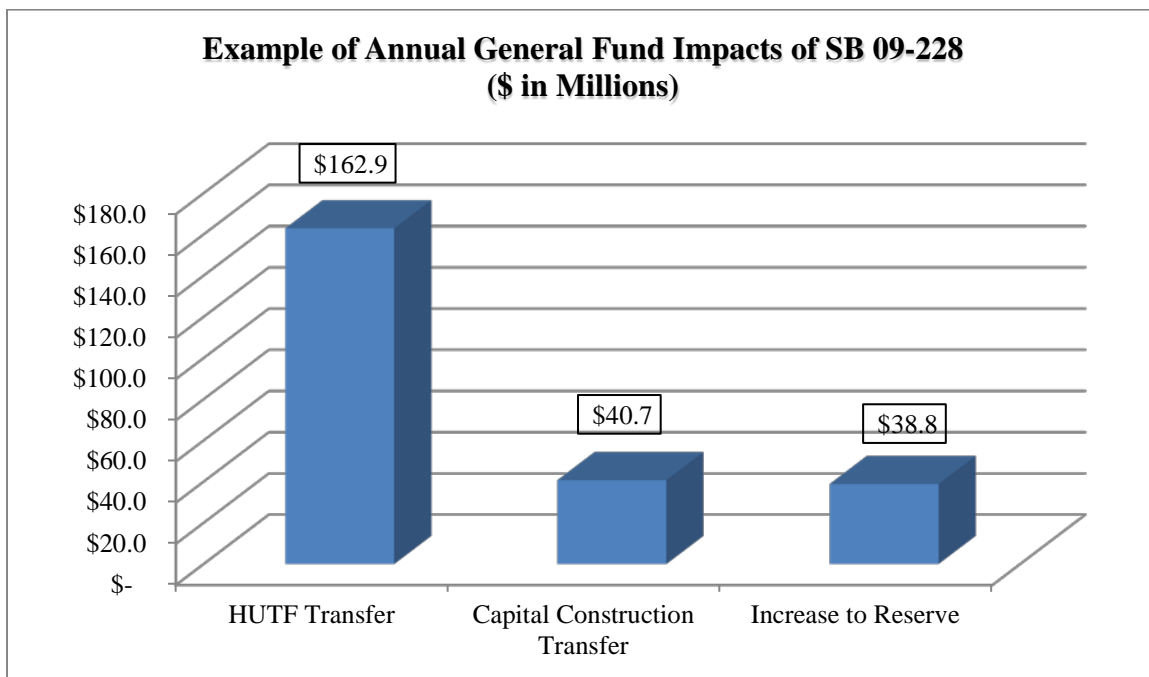


Figure 12

Table 1
Summary of FY 2012-13 Operating Appropriations and FY 2013-14 Operating Request
 Please Note that General Fund Exempt is Included with General Fund

Departments	FY 2012-13 Appropriations					Original Nov 1, 2012 FY 2013-14 OSPB Request					Percent Growth FY 2013-14 as compared to FY 2012-13					Dollar Change GF
	Total GF	CF	RF	FF	Total	Total GF	CF	RF	FF	Total	GF	CF	RF	FF	Total	
Agriculture	6,860,032	27,819,174	1,090,001	3,887,150	39,656,357	7,238,712	29,142,534	1,659,122	4,117,142	42,157,510	5.5%	4.8%	52.2%	5.9%	6.3%	378,680
Corrections	651,332,037	39,590,087	45,644,484	1,014,328	737,580,936	665,900,846	40,045,839	46,072,992	1,008,967	753,028,644	2.2%	1.2%	0.9%	-0.5%	2.1%	14,568,809
Education	3,015,437,087	753,491,302	24,078,570	628,704,003	4,421,710,962	3,016,915,356	960,890,281	26,831,691	630,092,790	4,634,730,114	0.0%	27.5%	11.4%	0.2%	4.8%	1,478,269
Governor	18,320,081	33,747,087	141,242,425	6,497,635	199,807,228	23,855,802	37,729,963	138,708,713	6,755,717	207,050,195	30.2%	11.8%	-1.8%	4.0%	3.6%	5,535,721
Health Care Policy	1,857,115,475	925,069,159	8,170,248	2,770,191,712	5,560,546,594	2,031,840,028	916,573,919	5,929,334	3,082,378,760	6,036,722,041	9.4%	-0.9%	-27.4%	11.3%	8.6%	174,724,553
Higher Education	619,261,908	1,851,045,974	544,570,013	19,113,229	3,033,991,124	656,729,783	1,852,371,714	573,996,703	19,181,975	3,102,280,175	6.1%	0.1%	5.4%	0.4%	2.3%	37,467,875
Human Services	642,011,487	336,871,969	475,870,742	616,568,241	2,071,322,439	680,113,157	333,282,024	493,399,494	614,989,282	2,121,783,957	5.9%	-1.1%	3.7%	-0.3%	2.4%	38,101,670
Judicial	352,087,442	132,827,681	19,113,030	4,425,000	508,453,153	375,951,634	135,773,641	25,857,379	4,432,854	542,015,508	6.8%	2.2%	35.3%	0.2%	6.6%	23,864,192
Labor	0	60,488,778	651,881	96,976,002	158,116,661	0	61,352,511	651,881	97,821,471	159,825,863	n/a	1.4%	0.0%	0.9%	1.1%	0
Law	9,896,185	10,779,963	34,998,817	1,576,165	57,251,130	11,915,956	9,858,850	38,273,021	1,721,508	61,769,335	20.4%	-8.5%	9.4%	9.2%	7.9%	2,019,771
Legislature	35,960,016	179,065	910,316	0	37,049,397	37,948,320	179,065	910,316	0	39,037,701	5.5%	0.0%	0.0%	n/a	5.4%	1,988,304
Local Affairs	11,098,481	206,386,363	7,129,597	102,623,672	327,238,113	18,780,294	206,473,966	7,958,965	102,719,209	335,932,434	69.2%	0.0%	11.6%	0.1%	2.7%	7,681,813
Military Affairs	6,681,430	1,332,993	803,662	214,128,024	222,946,109	6,503,671	1,351,377	803,662	214,986,098	223,644,808	-2.7%	1.4%	0.0%	0.4%	0.3%	(177,759)
Natural Resources	23,740,163	209,496,335	8,636,648	20,744,426	262,617,572	24,089,080	179,771,768	9,333,473	29,493,933	242,688,254	1.5%	-14.2%	8.1%	42.2%	-7.6%	348,917
Personnel	6,596,233	11,997,536	141,427,803	0	160,021,572	5,682,518	14,286,437	149,919,929	0	169,888,884	-13.9%	19.1%	6.0%	n/a	6.2%	(913,715)
Public Health	30,725,111	157,156,520	32,052,315	246,167,561	466,101,507	31,354,622	154,142,912	32,426,913	253,300,320	471,224,767	2.0%	-1.9%	1.2%	2.9%	1.1%	629,511
Public Safety	84,624,139	155,103,072	27,113,894	53,355,759	320,196,864	87,200,253	164,239,554	28,762,765	54,363,445	334,566,017	3.0%	5.9%	6.1%	1.9%	4.5%	2,576,114
Regulatory Agencies	1,714,111	71,265,174	4,265,551	1,314,203	78,558,839	1,777,317	73,661,623	4,368,294	1,359,180	81,166,414	3.7%	3.4%	2.4%	3.4%	3.3%	63,206
Revenue	73,668,142	211,751,066	1,456,105	824,388	287,699,701	77,071,878	215,461,579	1,312,248	824,388	294,670,093	4.6%	1.8%	-9.9%	0.0%	2.4%	3,403,736
State	0	19,893,142	0	0	19,893,142	0	20,310,244	0	0	20,310,244	n/a	2.1%	n/a	n/a	2.1%	0
Transportation	0	706,181,582	3,763,059	409,409,045	1,119,353,686	0	759,829,076	19,788,816	488,142,984	1,267,760,876	n/a	7.6%	425.9%	19.2%	13.3%	0
Treasury	109,332,502	369,576,443	0	0	478,908,945	128,883,609	366,526,705	0	0	495,410,314	17.9%	-0.8%	n/a	n/a	3.4%	19,551,107
Capital - Controlled Maintenance Trust	13,000,000	0	0	0	13,000,000	23,097,266	0	0	0	23,097,266	77.7%	n/a	n/a	n/a	77.7%	10,097,266
Total	7,569,462,062	6,292,050,465	1,522,988,961	5,197,520,543	20,582,022,031	7,912,850,102	6,533,255,582	1,606,965,711	5,607,690,023	21,660,761,418	4.5%	3.8%	5.5%	7.9%	5.2%	343,388,040
Not Subject to Statutory Limit:																
HB 12-1335, Treasury, Sr Citizen Prop Tax Exempt	98,500,000	0	0	0	98,500,000	102,600,000	0	0	0	102,600,000	4.2%				4.2%	4,100,000
HB 12-1335, Treasury, FPPA	10,000,000	0	0	0	10,000,000	25,321,079	0	0	0	25,321,079	153.2%				153.2%	15,321,079
HB 12-1335 Revenue, Old Age Heat and Fuel	7,400,000	0	0	0	7,400,000	7,200,000	0	0	0	7,200,000	-2.7%				-2.7%	(200,000)
HB 12-1335, Revenue, Cigarette Tax	10,300,000	0	0	0	10,300,000	10,000,000	0	0	0	10,000,000	-2.9%				-2.9%	(300,000)
HB 12-1335, Local Affairs, FPPA	<u>4,294,753</u>	0	0	0	<u>4,294,753</u>	<u>4,294,753</u>	0	0	0	<u>4,294,753</u>	0.0%				0.0%	0
Subtotal	130,494,753	0	0	0	130,494,753	149,415,832	0	0	0	149,415,832	14.5%				14.5%	18,921,079
Amendment 35 Tobacco Tax GFE - Not Subject to Statutory Limit:																
HB 12-1335, HCPF, Amendment 35 Tobacco Tax	441,600	0	0	0	441,600	441,600	0	0	0	441,600	0.0%				0.0%	0
SB 12-1335, Public Health, Amend 35 Tobacco Tax	<u>441,600</u>	0	0	0	<u>441,600</u>	<u>441,600</u>	0	0	0	<u>441,600</u>	0.0%				0.0%	0
Subtotal	883,200	0	0	0	883,200	883,200	0	0	0	883,200	0.0%				0.0%	0
Total (GF Adjusted for Items Not Subject to Limit)	7,438,084,109	6,292,050,465	1,522,988,961	5,197,520,543	20,451,527,278	7,762,551,070	6,533,255,582	1,606,965,711	5,607,690,023	21,810,177,250	4.4%	3.8%	5.5%	7.9%	6.6%	324,466,961
Currently Subject to Statutory Limit	7,438,084,109					7,762,551,070										
Personal Income (2 years prior to FY)	213,202,000,000					225,591,000,000										
Statutory Limit (Personal Income * 5 Percent)	<u>10,660,100,000</u>					<u>11,279,550,000</u>										
Amount (Over)/Under Limit	3,222,015,891					3,516,998,930					31.2%					

Table 2
General Fund Overview Based On OSPB September 2012 Revenue Estimate
Includes November 1, 2012 Budget Request
(millions of dollars)

	FY 11-12	FY 12-13	FY 13-14	FY 14-15
1 Beginning GF Reserve	\$156.7	\$804.5	\$371.9	\$389.1
2 GF Nonexempt Revenues	6,267.9	6,747.7	6,984.7	7,300.0
3 GF Exempt Revenues	1,469.1	1,208.0	1,162.4	1,165.8
4 Transfers/Paybacks (prior Sessions)	138.1	(2.5)	0.6	0.6
5 TABOR Surplus Liability	0.0	0.0	0.0	0.0
6 TOTAL GF AVAILABLE	\$8,031.8	\$8,757.7	\$8,519.6	\$8,855.5
7				
8 GF Obligations:				
9 GF Appropriations	\$7,027.9	\$7,438.1	\$7,762.6	\$7,768.4
10 Governor Placeholder Request for Budget Amendments and Legislation Requests - Nov 1 Submission	0.0	0.0	5.8	0.0
11 1331 Supplemental Approved by JBC - Interim 2012	0.0	(0.2)	0.0	0.0
12 Adjusted GF Appropriations Base	7,027.9	7,437.9	7,768.4	7,768.4
13 Amounts Deemed Exempt from the Restriction on State Appropriations (Section 24-75-201.1, C.R.S.)	0.0	0.0	0.0	0.0
14 Medicaid Overexpenditures/Payment Delays as Required by OSPB and Controller	0.0	0.0	0.0	0.0
15 Estimated Federal Medical Assistance Percentage (FMAP) Changes (includes SB264 impact)	0.0	0.0	0.0	0.0
16 Rebates and Expenditures - Based on Statutory Minimums	133.2	146.3	154.1	146.6
17 Reimbursement for Senior and Veterans Property Tax Exemption	1.8	97.6	105.2	105.2
18 Transfer to HUTF (Sec. 24-75-219, C.R.S.)	0.0	0.0	0.0	0.0
19 Transfer to Capital Construction (Sec. 24-75-219, C.R.S.)	0.0	0.0	0.0	0.0
20 Capital Construction Transfer	49.3	61.0	102.8	65.6
21 Transfer of Excess Reserve to SEF Pursuant to SB 11-156, HB 12-1338	59.0	643.0	0.0	0.0
22 Transfer of Excess Reserve to Public School Fund pursuant to SB 11-230	0.0	0.0	0.0	0.0
23 Accounting Adjustments	(43.9)	0.0	0.0	0.0
24 TOTAL GF OBLIGATIONS	\$7,227.3	\$8,385.8	\$8,130.5	\$8,085.8
25				
26 YEAR END GF RESERVE	\$804.5	\$371.9	\$389.1	\$769.7
27 Governor Initiated Request to Increase Statutory Reserve	0.0	74.4	77.7	77.7
28 STATUTORY RESERVE (Section 24-75-201.1 (1) (d), C.R.S.)	281.1	297.5	310.7	310.7
29 MONEYS IN (DEFICT)/EXCESS OF THE STATUTORY GF RESERVE	\$523.4	\$0.0	\$0.7	\$381.3
30 Reduction Needed to Maintain 1/2 of Statutory Reserve	N/A	N/A	N/A	N/A

Table 2 - Continued

	FY 11-12	FY 12-13	FY 13-14	FY 14-15
31 Total Gross General Fund Revenues	\$7,737.0	\$7,955.7	\$8,147.1	\$8,465.8
32 Percent Gross General Fund Revenue Growth	9.2%	2.8%	2.4%	3.9%
33				
34 Transfer to the State Education Fund	\$407.5	\$417.5	\$425.3	\$0.0
35 Transfer of Excess Reserve to SEF Pursuant to SB 11-156	59.0	643.0	0.0	0.0
36 Transfer Revenues Received due to Tax Amnesty bill to SEF pursuant to SB 11-184	9.6	0.0	0.0	0.0
37 Total Transfers to the State Education Fund	\$635.0	\$461.0	\$764.3	\$764.3
38				
39 Required TABOR Reserve	\$308.1	\$313.7	\$322.6	\$335.7
40				
41 GF Approp Base (Adj GF approp base + K-12 Capital + Amt Deemed Exempt + Medicaid Over)	\$7,027.9	\$7,437.9	\$7,768.4	\$7,768.4
42 Total Percent Growth (Including both items within restriction and exemptions)	3.0%	5.8%	4.4%	0.0%
43 GF Appropriations Base Available Growth	\$204.8	\$410.0	\$330.5	\$0.0
44				
45 Personal Income (Sec 24-75-201.1 (1)(e)(I), CRS) - Calculation to Trigger SB 228	\$225,591.0	\$234,841.0	\$242,590.0	\$257,874.0
46 Percent Increase/(Decrease) Over Previous Year	5.7%	4.1%	3.3%	6.3%
47				
48 Calculated Restriction on GF Appropriation Growth (Sec 24-75-201.1 (1)(a)(II) through (IV), CRS)	10,271.9	10,660.1	11,279.6	11,742.1
49 Adjusted GF Appropriations Base	7,027.9	7,437.9	7,768.4	7,768.4
50 Over/(Under) Calculated Appropriations Restriction	(\$3,244.0)	(\$3,222.2)	(\$3,511.2)	(\$3,973.7)
51				
52 Year-End GF Statutory Reserve Percentage	4.0%	4.0%	4.0%	4.0%
53 Year-End GF Excess of Statutory Reserve Percentage	7.4%	0.0%	0.0%	4.9%
54				
55 Rebates and Expenditures Include (from OSPB Forecast)				
56 Cigarette Rebate	\$11.2	\$10.2	\$10.0	\$9.6
57 Old Age Pension	103.3	112.4	105.0	97.5
58 Aged Property Tax & Heating Credit	7.2	7.2	7.2	7.4
59 Older Coloradans Fund (Off Budget - not in Long Bill)	N/A	N/A	N/A	N/A
60 Old Age Supplemental Medical Care Fund - (Off Budget - not in Long Bill)	N/A	N/A	N/A	N/A
61 FPPA	9.7	14.5	29.9	30.0
62 Amendment 35 GFE Expenditures	0.9	0.8	0.8	0.7
63 Treasurer's Loans to School Districts (Off Budget -- Not in Long Bill)	0.9	1.2	1.2	1.4
64 Total Rebates and Expenditures	\$133.2	\$146.3	\$154.1	\$146.6

Table 3
General Fund Overview Based On Legislative Council September 2012 Revenue Estimate
Includes November 1, 2012 Budget Request
(millions of dollars)

	FY 11-12	FY 12-13	FY 13-14	FY 14-15
1 Beginning GF Reserve	\$156.7	\$804.4	\$371.9	\$553.7
2 GF Nonexempt Revenues	6,267.8	6,750.5	6,978.3	7,337.1
3 GF Exempt Revenues	1,469.1	1,164.1	1,320.9	1,458.6
4 Transfers/Paybacks (Prior Sessions)	138.0	(2.5)	0.6	0.6
5 TABOR Surplus Liability	0.0	0.0	0.0	0.0
6 TOTAL GF AVAILABLE	\$8,031.6	\$8,716.5	\$8,671.7	\$9,350.0
7				
8 GF Obligations:				
9 GF Appropriations	\$7,027.9	\$7,438.1	\$7,762.6	\$7,768.4
10 Governor Placeholder Request for Budget Amendments and Legislation Requests - Nov 1 Submission	0.0	0.0	5.8	0.0
11 1331 Supplemental Approved by JBC - Interim 2012	0.0	(0.2)	0.0	0.0
12 Adjusted GF Appropriations Base	7,027.9	7,437.9	7,768.4	7,768.4
13 Amounts Deemed Exempt from the Restriction on State Appropriations (Section 24-75-201.1, C.R.S.)	0.0	0.0	0.0	0.0
14 Medicaid Overexpenditures/Payment Delays as Required by OSPB and the Controller	0.0	0.0	0.0	0.0
15 Estimated Federal Medical Assistance Percentage (FMAP) Changes (includes SB264 impact)	0.0	0.0	0.0	0.0
16 Rebates and Expenditures - Based on Statutory Minimums	133.3	145.1	144.2	148.6
17 Reimbursement for Senior and Veterans Property Tax Exemption	1.8	96.0	102.6	109.7
18 Transfer to HUTF (Sec. 24-75-219, C.R.S.)	0.0	0.0	0.0	0.0
19 Transfer to Capital Construction (Sec. 24-75-219, C.R.S.)	0.0	0.0	0.0	0.0
20 Capital Construction Transfer	50.0	61.4	102.8	25.1
21 Transfer of Excess Reserve to SEF pursuant to SB 11-156, HB 12-1338	59.0	604.2	0.0	0.0
22 Transfer of Excess Reserve to Public School Fund pursuant to SB 11-230	0.0	0.0	0.0	0.0
23 Accounting Adjustments	(44.8)	0.0	0.0	0.0
24 TOTAL GF OBLIGATIONS	\$7,227.2	\$8,344.6	\$8,118.0	\$8,051.8
25				
26 YEAR END GF RESERVE	\$804.4	\$371.9	\$553.7	\$1,298.2
27 Governor Initiated Request to Increase Statutory Reserve	0.0	74.4	77.7	77.7
28 STATUTORY RESERVE (Section 24-75-201.1 (1) (d), C.R.S.)	281.1	297.5	310.7	310.7
29 MONEYS IN (DEFICT)/EXCESS OF THE STATUTORY GF RESERVE	\$523.3	\$0.0	\$165.3	\$909.8
30 Reduction Needed to Maintain 1/2 of Statutory Reserve	N/A	N/A	N/A	N/A

Table 3 - Continued

	FY 11-12	FY 12-13	FY 13-14	FY 14-15
31 Total Gross General Fund Revenues	\$7,736.9	\$7,914.6	\$8,299.2	\$8,795.7
32 Percent Gross General Fund Revenue Growth	9.2%	2.3%	4.9%	6.0%
33				
34 Transfer to the State Education Fund	\$407.5	\$420.6	\$447.5	\$468.8
35 Transfer of Excess Reserve to SEF pursuant to SB 11-156, HB 12-1338	59.0	604.2	0.0	0.0
36 Total Transfers to the State Education Fund	\$466.5	\$1,024.8	\$447.5	\$468.8
37				
38 Required TABOR Reserve	\$309.1	\$312.4	\$326.8	\$343.6
39				
40 GF Approp Base (Adj GF approp base + K-12 Capital + Amt Deemed Exempt + Medicaid Over)	\$7,027.9	\$7,437.9	\$7,768.4	\$7,768.4
41 Total Percent Growth (Including both items within restriction and exemptions)	3.0%	5.8%	4.4%	0.0%
42 GF Appropriations Base Available Growth	\$204.8	\$410.0	\$330.5	\$0.0
43				
44 Personal Income (Sec 24-75-201.1 (1)(e)(I), CRS) - Calculation to Trigger SB 228	\$225,591.0	\$232,134.0	\$241,883.0	\$257,874.0
45 Percent Increase/(Decrease) Over Previous Year	5.8%	2.9%	4.2%	6.6%
46				
47 Calculated Restriction on GF Appropriation Growth (Sec 24-75-201.1 (1)(a)(VII)(A), CRS)	\$10,271.9	\$10,660.1	\$11,279.6	\$11,606.7
48 Adjusted GF Appropriations Base	7,027.9	7,437.9	7,768.4	7,768.4
49 Over/(Under) Calculated Appropriations Restriction	(\$3,244.0)	(\$3,222.2)	(\$3,511.2)	(\$3,838.3)
50				
51 Year-End GF Statutory Reserve Percentage	4.0%	4.0%	4.0%	4.0%
52 Year-End GF Excess of Statutory Reserve Percentage	7.4%	0.0%	2.1%	11.7%
53				
54 Rebates and Expenditures Include (from LCS Forecast)				
55 Cigarette Rebate	\$11.2	\$11.2	\$10.8	\$10.3
56 Old Age Pension	92.5	97.5	86.2	91.2
57 Aged Property Tax & Heating Credit	7.2	7.2	7.1	7.0
58 Older Coloradans Fund (Off Budget - not in Long Bill)	8.0	12.5	8.0	8.0
59 Old Age Supplemental Medical Care Fund - (Off Budget - not in Long Bill)	2.9	0.0	0.0	0.0
60 FPPA	9.7	14.6	30.0	30.0
61 Amendment 35 GFE Expenditures	0.9	0.9	0.9	0.8
62 Treasurer's Loans to School Districts (Off Budget -- Not in Long Bill)	0.9	1.2	1.2	1.3
63 Total Rebates and Expenditures	\$133.3	\$145.1	\$144.2	\$148.6

Table 4
2012 Interim 1331 Supplemental Requests

June 2012 Operating 1331 Supplemental Requests

Department	Issue	OSP/State Request						JBC Action					
		FY 2011-12			FY 2012-13			FY 2011-12			FY 2012-13		
		GF	Other Funds	Total	GF	Other Funds	Total	GF	Other Funds	Total	GF	Other Funds	Total
1 HICPF	HB 12-1281 Departmental Differences Reconciliation	\$0	\$0	\$0	\$84,977	\$84,977	\$169,954	\$0	\$0	\$0	\$84,977	\$0	\$84,977
2 HICPF	Emergency Funding for the Public School Health Services Program	0	15,486,243	15,486,243	0	0	0	0	15,486,243	15,486,243	0	0	0
3 Higher Education	COF and FFS Contract Alignment	0	0	0	0	0	0	0	0	0	0	0	0
4 Human Services	Utilities Shortfall Funding Request	0	0	0	0	0	0	0	0	0	0	0	0
5 Law	Appellate Emergency Supplemental to Address Backlog	0	0	0	185,442	0	185,442	0	0	0	0	0	0
6 Personnel	eProcurement Program Resources	0	566,203	566,203	0	0	0	0	566,203	566,203	0	0	0
7 Revenue	FY 2012-13 Indirect Costs Funding Allocations	0	0	0	(295,302)	447,279	151,977	0	0	0	(295,302)	447,279	151,977
8 State	Federal Voting Assistance Program Grant – WITHDRAWN	0	0	0	0	0	0	0	0	0	0	0	0
9													
10	Total	\$0	\$16,052,446	\$16,052,446	(\$24,883)	\$532,256	\$507,373	\$0	\$16,052,446	\$16,052,446	(\$210,325)	\$447,279	\$236,954

June 2012 Capital Construction 1331 Supplemental Requests

Department	Issue	OSP/State Request						JBC Action					
		FY 2011-12			FY 2012-13			FY 2011-12			FY 2012-13		
		CCFE	Other Funds	Total	CCFE	Other Funds	Total	CCFE	Other Funds	Total	CCFE	Other Funds	Total
17 Higher Education	Adams State College, High Altitude Training Facility	\$0	\$3,550,000	\$3,550,000	\$0	\$0	\$0	\$0	\$3,550,000	\$3,550,000	\$0	\$0	\$0
18 Co Hist Society	Ute Indian Museum Landscape and Parking Lot Redesign	0	0	0	0	0	0	0	0	0	0	0	0
19 Human Services	Building Renovations, Rifle State Veterans Nursing Home	0	358,400	358,400	0	0	0	0	358,400	358,400	0	0	0
20													
21													
22	Total	\$0	\$3,908,400	\$3,908,400	\$0	\$0	\$0	\$0	\$3,908,400	\$3,908,400	\$0	\$0	\$0

August 2012 Operating 1331 Supplemental Requests

Department	Issue	OSP/State Request						JBC Action					
		FY 2011-12			FY 2012-13			FY 2011-12			FY 2012-13		
		GF	Other Funds	Total	GF	Other Funds	Total	GF	Other Funds	Total	GF	Other Funds	Total
29 State	PEW Project- Voter Registrations	\$0	\$0	\$0	\$0	\$219,000	\$219,000	\$0	\$0	\$0	\$0	\$219,000	\$219,000
30 State	Operating Expenses for Notices to Citizens Eligible to Register	0	0	0	0	69,090	69,090	0	0	0	0	69,090	69,090
31													
32	Total	\$0	\$0	\$0	\$0	\$288,090	\$288,090	\$0	\$0	\$0	\$0	\$288,090	\$288,090

September 2012 Operating 1331 Supplemental Requests

Department	Issue	OSP/State Request						JBC Action					
		FY 2011-12			FY 2012-13			FY 2011-12			FY 2012-13		
		GF	Other Funds	Total	GF	Other Funds	Total	GF	Other Funds	Total	GF	Other Funds	Total
39 Corrections	Funding to Extend Fort Lyon Repurposing Efforts	\$0	\$0	\$0	\$839,012	\$0	\$839,012	\$0	\$0	\$0	\$0	\$0	\$0
40 Law	Regulation of Appraisal Management Complaints	0	0	0	0	62,839	62,839	0	0	0	0	62,839	62,839
41 Personnel	Central Contracts Unit Resources	0	0	0	74,148	0	74,148	0	0	0	0	0	0
42 Public Safety	Regulation of Appraisal Management Complaints	0	0	0	0	23,700	23,700	0	0	0	0	23,700	23,700
43 Regulatory Agencies	Regulation of Appraisal Management Complaints	0	0	0	0	265,104	265,104	0	0	0	0	265,104	265,104
44	Total	\$0	\$0	\$0	\$913,160	\$351,643	\$1,264,803	\$0	\$0	\$0	\$0	\$351,643	\$351,643

Table 4 - Continued

September 2012 Capital Construction 1331 Requests

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Department	Issue	OSP/State Request						JBC Action					
		FY 2010-11			FY 2011-12			FY 2010-11			FY 2011-12		
		CCFE	Other Funds	Total	CCFE	Other Funds	Total	CCFE	Other Funds	Total	CCFE	Other Funds	Total
Higher Education	Colorado School of Mines, Elm Street Residence And Dining Hall	0	0	0	0	31,000,011	31,000,011	0	0	0	0	31,000,011	31,000,011
Higher Education	Colorado School of Mines, Mines Services Building	0	0	0	0	6,000,001	6,000,001	0	0	0	0	6,000,001	6,000,001
Higher Education	Colorado School of Mines, Student Center Renovation Phase I	0	0	0	0	9,600,002	9,600,002	0	0	0	0	9,600,002	9,600,002
Total		\$0	\$0	\$0	\$0	\$46,600,014	\$46,600,014	\$0	\$0	\$0	\$0	\$46,600,014	\$46,600,014

	JBC Action					
	FY 2011-12			FY 2012-13		
	GF	Other Funds	Total	GF	Other Funds	Total
Total Operating 1331 Supplementals Approved by JBC =	\$0	\$16,052,446	\$16,052,446	(\$210,325)	\$1,087,012	\$876,687

	JBC Action					
	FY 2011-12			FY 2012-13		
	CCFE	Other Funds	Total	CCFE	Other Funds	Total
Total Capital Construction 1331 Supplementals Approved by JBC =	\$0	\$3,908,400	\$3,908,400	\$0	\$46,600,014	\$0

Table 5
List of Governor, Judicial, and Elected Official November 1, 2012 Placeholder Requests

Department	Item	GF	Other Funds	Total
Governor's Request:				
Corrections	Lawsuit-Related Improvements	\$5,000,000	\$0	\$5,000,000
Corrections	Restorative Justice Program	312,476	0	312,476
Corrections	Population Reduction Adjustment	(9,900,000)	0	(9,900,000)
Governor's Office - Office of Information and Technology	Consolidation-related Improvements	3,000,000	0	3,000,000
Human Services	Elder Abuse Task Force Recommendations	5,000,000	0	5,000,000
Human Services	CBMS	<u>2,400,000</u>	<u>0</u>	<u>2,400,000</u>
Total		\$5,812,476	\$0	\$5,812,476
<hr style="border-top: 1px dashed black;"/>				
Statutory Limit	Additional 1.0 Percent	\$77,700,000	\$0	77,700,000
<hr style="border-top: 1px dashed black;"/>				
Total Governor Placeholders		\$83,512,476	\$0	\$83,512,476
Judicial Request:				
Various Divisions	District Judges and Staff	\$0	\$892,951	\$892,951

Table 6
Summary of JBC Staff Four Year Projections for General Fund Costs

1	Policy Options:	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total
2	EDUCATION	553,346,564	676,235,138	73,962,082	78,234,404	1,381,778,188
3	HIGHER EDUCATION	102,609,734	0	0	0	102,609,734
4	HUMAN SERVICES	(914,581)	6,202,700	6,281,982	6,362,004	17,932,105
5	JUDICIAL	2,401,000	5,601,000	4,801,000	4,901,000	17,704,000
6	HEALTH CARE POLICY AND FINANCING	0	0	0	0	0
7	STATEWIDE and OTHER DEPARTMENTS	0	0	0	0	0
8	CORRECTIONS	(18,349,475)	0	0	0	(18,349,475)
9	GRAND TOTAL	639,093,242	688,038,838	85,045,064	89,497,408	1,501,674,552
10						
11	Inflation:	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total
12	EDUCATION	131,205,886	137,241,357	143,554,460	150,157,965	562,159,668
13	STATEWIDE and OTHER DEPARTMENTS	42,405,575	28,716,363	51,293,889	58,143,277	180,559,104
14	HIGHER EDUCATION	13,004,500	17,703,459	19,499,096	20,084,069	70,291,124
15	HUMAN SERVICES	11,021,090	14,801,080	16,283,811	16,725,511	58,831,492
16	HEALTH CARE POLICY AND FINANCING	18,385,357	6,514,153	14,020,535	15,069,673	53,989,718
17	CORRECTIONS	2,567,158	3,177,495	3,132,938	2,960,209	11,837,800
18	JUDICIAL	759,000	1,033,000	1,138,000	1,172,000	4,102,000
19	GRAND TOTAL	219,348,566	209,186,907	248,922,729	264,312,704	941,770,906
20						
21	Caseload:	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total
22	HEALTH CARE POLICY AND FINANCING	125,623,957	73,116,760	110,505,874	118,507,454	427,754,045
23	HIGHER EDUCATION	17,339,333	17,824,835	18,323,930	18,837,000	72,325,098
24	JUDICIAL	1,456,000	1,154,000	1,982,000	1,748,000	6,340,000
25	EDUCATION	0	0	0	0	0
26	STATEWIDE and OTHER DEPARTMENTS	0	0	0	0	0
27	HUMAN SERVICES	(1,543,933)	(1,827,658)	(1,799,628)	(1,755,286)	(6,926,505)
28	CORRECTIONS	(7,039,774)	(6,397,974)	(6,350,014)	(5,207,110)	(24,994,872)
29	GRAND TOTAL	135,835,584	83,869,963	122,662,161	132,130,058	474,497,767
30						
31	Statutory Increases:	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total
32	STATEWIDE and OTHER DEPARTMENTS	5,995,938	5,995,938	5,995,938	5,995,938	23,983,753
33	CORRECTIONS	0	0	0	0	0
34	EDUCATION	0	0	0	0	0
35	HEALTH CARE POLICY AND FINANCING	0	0	0	0	0
36	HIGHER EDUCATION	0	0	0	0	0
37	HUMAN SERVICES	0	0	0	0	0
38	JUDICIAL	0	0	0	0	0
39	GRAND TOTAL	5,995,938	5,995,938	5,995,938	5,995,938	23,983,753
40						
41	Reversing One-time Action:	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total
42	STATEWIDE and OTHER DEPARTMENTS	15,321,079	0	0	0	15,321,079
43	EDUCATION	0	0	0	0	0
44	HIGHER EDUCATION	0	0	0	0	0
45	HEALTH CARE POLICY AND FINANCING	0	0	0	0	0
46	HUMAN SERVICES	0	0	0	0	0
47	CORRECTIONS	0	0	0	0	0
48	JUDICIAL	0	0	0	0	0
49	GRAND TOTAL	15,321,079	0	0	0	15,321,079
50						
51	Other Base Adjustments:	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total
52	HUMAN SERVICES	7,522,129	(1,500,000)	0	0	6,022,129
53	EDUCATION	0	0	0	0	0
54	CORRECTIONS	0	0	0	0	0
55	HEALTH CARE POLICY AND FINANCING	0	0	0	0	0
56	HIGHER EDUCATION	0	0	0	0	0
57	JUDICIAL	0	0	0	0	0
58	STATEWIDE and OTHER DEPARTMENTS	0	0	0	0	0
59	GRAND TOTAL	7,522,129	(1,500,000)	0	0	6,022,129
60						
61	Grand Total:	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total
62	Policy Options	639,093,242	688,038,838	85,045,064	89,497,408	1,501,674,552
63	Inflation	219,348,566	209,186,907	248,922,729	264,312,704	941,770,906
64	Caseload	135,835,584	83,869,963	122,662,161	132,130,058	474,497,767
65	Statutory Increases	5,995,938	5,995,938	5,995,938	5,995,938	23,983,753
66	Reversing One-time Action Spreadsheet	15,321,079	0	0	0	15,321,079
67	Other base adjustments	7,522,129	(1,500,000)	0	0	6,022,129
68	GRAND TOTAL	1,023,116,538	985,591,646	462,625,892	491,936,108	2,963,270,185

**Table 7
Four Year Projections of General Fund Costs (Increase over Base Year - FY 2012-13)**

DEPARTMENT	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	incremental changes through FY 2016-17 only	EXPLANATION/COMMENTS
CORRECTIONS							
Base	651,332,037	651,332,037	628,509,946	625,289,468	622,072,391		Caseload, Inflation, Reversing One-time Action, and Policy Options reflect solely the increase in that year over the prior year's base.
Caseload		(7,039,774)	(6,397,974)	(6,350,014)	(5,207,110)	(24,994,872)	Staff anticipates that there will be a negative supplemental related to the closure of CSP II and/or the closures of living units at Sterling, BV, and Trinidad. However, it is anticipated that this supplemental will reflect faster-than-expected closure of these items but will not alter the projected reductions listed under "policy" options. Therefore, this one-time supplemental has not been included in this forecast.
Inflation		2,567,158	3,177,495	3,132,938	2,960,209	11,837,800	Assumes prison population changes as indicated in the Division of Criminal Justice's "Summer 2012 Interim Prison Population Forecasts".
Policy Options		<u>(18,349,475)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,349,475)</u>	Assumes the daily rate for private prisons, medical costs, and food are increased in step with the CPI forecast. (1) the \$9.1 m second year impact of closing CSP II, (2) the \$2.1 m 2nd year impact of the Stevens amendment, which was adopted by the house on 2nd reading of the Long Bill. This amendment (which was written by DOC) closed living units at Trinidad, Sterling, and BV, (3) there are currently 375 empty beds in the system, using the 1% vacancy rate that DOC promised last spring to achieve, so DOC should be able to close more state-owned beds. Using the savings achieved by the Stevens amendment as a guide, this would translate into \$7.1 million of savings if DOC closed all 375 beds. This savings may have to be spread into FY 14-15 if layoffs are to be avoided and it could involve closure of a facility. Obviously (1) and (2) are not policy options, but rather the second year impact of FY 12-13 policy changes.
Total	\$651,332,037	\$628,509,946	\$625,289,468	\$622,072,391	\$619,825,490		
Change from Prior Year		(\$22,822,091)	(\$3,220,479)	(\$3,217,077)	(\$2,246,901)	(\$31,506,547)	
Percentage Change from Prior Year		-3.5%	-0.5%	-0.5%	-0.4%		
EDUCATION							
Base	3,015,437,087	3,015,437,087	3,699,989,537	4,513,466,032	4,730,982,574		The baseline scenario (not shown in table) would hold GF constant for the forecast period, with the State Education Fund (SEF) absorbing necessary changes.
Reversing One-time Action		0	0	0	0	0	0 Assumes that the SEF absorbs changes due to the loss of one-time and temporary funding provided in FY 2012-13.
Caseload		0	0	0	0	0	0 Assumes increases associated with projected student enrollment (to maintain average per pupil funding at \$6,474) will be funded from the SEF, holding General Fund constant over the forecast period.
Inflation		131,205,886	137,241,357	143,554,460	150,157,965	562,159,668	Assumes the average per pupil funding amount increases annually based on CPI. Assumes a 4.6 percent annual growth in General Fund for total program, with the remainder of the increase in the state share coming primarily from the SEF.
Policy Options		<u>553,346,564</u>	<u>676,235,138</u>	<u>73,962,082</u>	<u>78,234,404</u>	<u>1,381,778,188</u>	Assumes "full funding" of the existing school finance formula without the "negative factor", beginning in FY 2013-14, with increases split between GF and SEF.
Total	\$3,015,437,087	\$3,699,989,537	\$4,513,466,032	\$4,730,982,574	\$4,959,374,943	\$1,943,937,856	
Change from Prior Year		\$684,552,450	\$813,476,495	\$217,516,542	\$228,392,369		
Percentage Change from Prior Year		22.7%	22.0%	4.8%	4.8%		
HEALTH CARE POLICY AND FINANCING							
Base	1,632,630,233	1,632,630,233	1,776,639,547	1,856,270,460	1,980,796,869		EXCLUDES General Fund transferred to DHS
Caseload		125,623,957	73,116,760	110,505,874	118,507,454	427,754,045	The projection uses growth factors projected by the Department through FY 2013-14 and trends those forward. Does not include any additional eligibility expansions for the Affordable Care Act (ACA). Assumes current eligibility expansions financed with the Hospital Provider Fee will be financed with federal funds beginning January 2014, pursuant to the ACA, and then financed with the Hospital Provider Fee when state matching requirements phase in beginning January 2017, for no net change in General Fund.
Inflation		18,385,357	6,514,153	14,020,535	15,069,673	53,989,718	The projection uses growth factors based on average per capita costs projected by the Department through FY 2013-14 and trends those forward.
Policy Options		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total	\$1,632,630,233	\$1,776,639,547	\$1,856,270,460	\$1,980,796,869	\$2,114,373,996	\$481,743,763	
Change from Prior Year		\$144,009,314	\$79,630,913	\$124,526,409	\$133,577,127		
Percentage Change from Prior Year		8.8%	4.5%	6.7%	6.7%		

**Table 7
Four Year Projections of General Fund Costs (Increase over Base Year - FY 2012-13)**

DEPARTMENT	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	incremental changes through FY 2016-17 only	EXPLANATION/COMMENTS
HIGHER EDUCATION							
Base	619,261,908	619,261,908	752,215,475	787,743,770	825,566,796		
Caseload		17,339,333	17,824,835	18,323,930	18,837,000	72,325,098	The actual 10-year compound average annual rate of growth of 2.8 percent from FY 2001-02 to FY 2011-12 was used to project the FY 2013-14 through FY 2017-18 enrollment growth because the March 2012 LCS forecast did not project enrollment beyond FY 2012-13.
Inflation		13,004,500	17,703,459	19,499,096	20,084,069	70,291,124	Projections of inflation are based on the September 2012 LCS forecast.
Policy Options		<u>102,609,734</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>102,609,734</u>	Restores state and federal support for the higher education institutions of \$131.2 million (\$102.1 million General Fund), or 20.4 percent. Restores funding for the Colorado Commission on Higher Education of 25.0 percent.
Total	\$619,261,908	\$752,215,475	\$787,743,770	\$825,566,796	\$864,487,865		
Change from Prior Year		\$132,953,567	\$35,528,294	\$37,823,026	\$38,921,069	\$245,225,957	
Percentage Change from Prior Year		21.5%	4.7%	4.8%	4.7%		
HUMAN SERVICES							
Base	866,496,729	866,496,729	882,581,434	900,257,556	921,023,721		
Other base adjustments		7,522,129	(1,500,000)	0		6,022,129	INCLUDES General Fund transferred from HCPF Annualization of CBMS Modernization project reduces the appropriation in FY 2013-14 and discontinues it in future years. In FY 2013-14, adds \$11.0 million to undo a TANF refinance, based on JBC FY 2012-13 action. Adds funding in FY 2013-14 for the new DD resources added in FY 2012-13.
Caseload		(1,543,933)	(1,827,658)	(1,799,628)	(1,755,286)	(6,926,505)	Adjusted for DYC caseload projections and inflation on contract areas.
Inflation		11,021,090	14,801,080	16,283,811	16,725,511	58,831,492	Includes inflation for pharmaceuticals and food at the mental health institutes, DYC, Child Care Assistance Program, child welfare services, family/children's programs, county administration, and DD services.
Policy Options		<u>(914,581)</u>	<u>6,202,700</u>	<u>6,281,982</u>	<u>6,362,004</u>	<u>17,932,105</u>	Includes county administration funding to meet state population growth, policy option to reduce child welfare by \$6.0 million in FY 2013-14 due to prior year underexpenditures, funding for transitioning children out of foster care and off of CES waivers, and moneys for additional emergency and transition DD slots.
Total	\$866,496,729	\$882,581,434	\$900,257,556	\$921,023,721	\$942,355,950		
Change from Prior Year		\$16,084,705	\$17,676,122	\$20,766,165	\$21,332,229	\$75,859,221	
Percentage Change from Prior Year		1.9%	2.0%	2.3%	2.3%		
JUDICIAL							
Base	352,087,442	352,087,442	356,703,442	364,491,442	372,412,442		
Caseload		1,456,000	1,154,000	1,982,000	1,748,000	6,340,000	Estimated increases required to maintain existing staffing levels (for courts, probation, and the Office of the State Public Defender (OSPD)) but keep up with projected increases in case filings (this includes state staff for the courts, probation, OSPD, as well as the increased costs for private counsel paid by the Office of the Child's Representative (OCR) and the Office of the Alternate Defense Counsel (OADC)).
Inflation		759,000	1,033,000	1,138,000	1,172,000	4,102,000	Inflationary increases for rates paid to private attorneys by the OADC and the OCR (inflationary increases for courts, probation, and OSPD should be captured in statewide salary data).
Policy Options		<u>2,401,000</u>	<u>5,601,000</u>	<u>4,801,000</u>	<u>4,901,000</u>	<u>17,704,000</u>	To reach 100% full staffing over 5 years (by FY 2017-18), includes \$13.3M for courts and probation and \$4.4M for OSPD. Assumes CF are used in FY 2013-14 to support new court staff, and General Fund is required in subsequent fiscal years.
Total	\$352,087,442	\$356,703,442	\$364,491,442	\$372,412,442	\$380,233,442		
Change from Prior Year		\$4,616,000	\$7,788,000	\$7,921,000	\$7,821,000	\$28,146,000	
Percentage Change from Prior Year		1.3%	2.2%	2.2%	2.1%		

**Table 7
Four Year Projections of General Fund Costs (Increase over Base Year - FY 2012-13)**

DEPARTMENT	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	incremental changes through FY 2016-17 only	EXPLANATION/COMMENTS
STATEWIDE and OTHER DEPARTMENTS							
Base	432,216,626	432,216,626	495,939,218	530,651,519	587,941,346		Currently reflects the balance of the statewide appropriation that is not incorporated in big-six above.
Reversing One-time Action		15,321,079	0	0	0	15,321,079	Fire and Police Pension Association payments must be increased over time in order to pay it back for missed payments during the economic downturn
Statutory Increases		5,995,938	5,995,938	5,995,938	5,995,938	23,983,753	AED & SAED increase 0.4% EACH CALENDAR YEAR through 2017. Each year's increase is calculated on the original FY 2012-13 GF Salary base.
Inflation		42,405,575	28,716,363	51,293,889	58,143,277	180,559,104	Includes salary survey and associated PERA, AED, SAED, and Medicare, as well as Health/Life/Dental.
Total	\$432,216,626	\$495,939,218	\$530,651,519	\$587,941,346	\$652,080,562		
Change from Prior Year		\$63,722,592	\$34,712,301	\$57,289,827	\$64,139,216	\$219,863,936	
Percentage Change from Prior Year		14.7%	7.0%	10.8%	10.9%		
GRAND TOTAL							
Base	7,569,462,062	7,569,462,062	8,592,578,600	9,578,170,247	10,040,796,139		
Reversing One-time Action		15,321,079	0	0	0	15,321,079	
Statutory Increases		5,995,938	5,995,938	5,995,938	5,995,938	23,983,753	
Other base adjustments		7,522,129	(1,500,000)	0	0	6,022,129	
Caseload		135,835,584	83,869,963	122,662,161	132,130,058	474,497,767	
Inflation		219,348,566	209,186,907	248,922,729	264,312,704	941,770,906	
Policy Options		639,093,242	688,038,838	85,045,064	89,497,408	1,501,674,552	
Total	\$7,569,462,062	\$8,592,578,600	\$9,578,170,247	\$10,040,796,139	\$10,532,732,247		
Change from Prior Year		\$1,023,116,538	\$985,591,646	\$462,625,892	\$491,936,108	\$2,963,270,185	
Percentage Change from Prior Year		13.5%	11.5%	4.8%	4.9%		
Change Subject to Statutory Limit		\$1,007,795,459	\$985,591,646	\$462,625,892			
Change Not Subject to Statutory Limit	\$131,377,953	\$15,321,079	\$0	\$0			